

# Local Public Services

## Performance and Unofficial Fees



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**Local Public Services:  
Performance and Unofficial Fees**

**NOVEMBER 2006**

The Local Public Services: Performance and Unofficial Fees project is sponsored by DANIDA and Pact Cambodia, and implemented by the Economic Institute of Cambodia (EIC).

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## LIST OF ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
AT	Advance Team
CAPS	Corruption Assessment in the Private Sector
CARERE	Cambodia Area Rehabilitation and Regeneration Projects
CAS	Center for Advanced Study
CBO	Community Based Organization
CC	Commune Councils
CDRI	Cambodia Development Resource Institute
CPI	Corruption Perception Index
CSD	Center for Social Development
CSES	Cambodia Socio-Economic Surveys
DEO	District Education Office
D&D	Decentralization and Deconcentration
EFA	Education for All
EIC	Economic Institute of Cambodia
ESSP	Education Sector Support Program
FGD	Focus Group Discussion
GDP	Gross Domestic Product
KAF	Konrad Adenaur Stiftung
MBPI	Merit Based Pay Initiative
MoEYS	Ministry of Education, Youth and Sport
NGO	Non Governmental Organization
PAP	Priority Action Program
PMG	Priority Mission Group
TAF	The Asia Foundation
TI	Transparency International
UF	Unofficial Fees
UNICEF	United Nations Children's Fund
WB	World Bank





## FOREWORD

The “*Local Public Services: Performance and Unofficial Fees*” study is the Economic Institute of Cambodia’s (EIC) second assignment focusing on the governance issues in Cambodia. This study follows the initial EIC report ‘*Assessment of Corruption in Cambodia’s Private Sector*’, conducted in July 2006. Both projects are part of EIC’s ‘Governance and Decentralization’ research program.

EIC’s research is an essential part of the institute’s role as an independent *think tank*, with a focus on a wide range of contemporary issues facing Cambodia. EIC’s mission is to provide reliable information for the country’s stakeholders, whilst generating awareness of the country’s foremost development policies in order to contribute to good governance and sustainable economic development.

EIC would like to thank donors, Pact Cambodia and DANIDA, for their generous and active support for this research project, providing an in depth insight into the country’s local service delivery system and the problems faced by local communities and unofficial fee payments.

EIC would equally like to express its gratitude to the Commune Council members, primary school teachers, health center officials, and households as well as other local NGOs for their cooperation throughout the project, which without them would not have been possible. Their active participation provided accurate and informative knowledge of the current situation in the local public services.

Inputs from government policy makers and national and international experts were also instrumental in the report’s findings. Special thanks to H.E. Chea Chet, Chairman of the Commission on Economy, Finance, Banking, and State Audit of the Senate, for orchestrating a significant meeting with members of the Senate and representatives of relevant ministries discussing preliminary fact findings.

Last but not least, special thanks to all EIC staff members for their hard work, enthusiasm and collective team effort in realizing this project.

*Sok Hach, Director  
Economic Institute of Cambodia*



## EXECUTIVE SUMMARY

Public services are crucial for the Government to implement its strategies and to provide the appropriate services to its citizens. Providing for the basic needs of local communities, the local public service mechanism needs to be enforced to enhance local governance and promote social and economic welfare for the population.

In the context of promoting good governance, corruption and systemic bribery in public services have been repeatedly identified as major constraints on Cambodia's development process. Government, donors and civil society have made concerted efforts to search for optimal strategies to improve Cambodia's current situation. As a result, some Government institutional reforms have been noticeably successful, especially the decentralization and deconcentration reforms.

This exploratory study was conducted by the Economic Institute of Cambodia (EIC) under the auspices of DANIDA and PACT Cambodia with the objective of finding out where commune level service provision directly affects households' livelihoods and the current reality of unofficial fees in order to find the best opportunities for institutional reforms.

The study focused on three specific public services provided at the commune level: the Commune office, primary schooling and health center services. These three local services are generally considered as having the most frequent interaction and influence on the population's daily lives.

This report will provide an overview of the research findings and highlight the nature, causes and impacts of unofficial fees on the livelihoods of households in three categories of commune: provincial, district, and rural communes. Moreover, a set of practical recommendations on how to curb unofficial fees in the three public services will also be presented.

### **Awareness of Unofficial Fees**

The level of people's awareness of service fees varied from sector to sector as the three services investigated differ in terms of their fee structure.

While primary schooling is in principle free, 41 percent of respondents were confused about whether the fees they paid for primary schooling were official or unofficial.

For the other two services, official fees are legally fixed for some commune services whereas all health center services have official fees. The survey shows that users of health center services, where all fees are publicly published, are better informed than those of Commune office services, where official fees are generally not published.

Lack of information on official service fees obviously leads to confusion amongst local service users and thus provides for an environment conducive to unofficial fee

payments. However, the survey findings show that people's awareness of official fees is only a necessary, not a sufficient condition to avoid requests for and payment of unofficial fees.

### **Reasons for Unofficial Fees**

Reasons to pay unofficial fees do not vary much between the three studied services. For Commune office services, interviewees acknowledged that in most cases people of their own accord offer additional fees for specific reasons: expressing thanks to the commune officials for services provided, building good relations for future services, and quickening the service process. In some cases, however, people paid unofficial fees simply because commune officials asked for a payment.

These reasons are similar to the other two local services. Although, for primary schooling, in some serious cases, teachers punished pupils who do not pay unofficial fees. The punishments ranged from cursing them, obtaining low grades, and not allowing the pupil to be upgraded at the end of the year.

The overall issue for unofficial payments in each service was the low salaries of local public officials. When asked whether officials would stop taking additional fees if they received adequate salaries, the answers presented mixed results both among the households group and Commune member group.

People who answered 'yes' considered taking unofficial fees as a last resort for officials whose salaries are too low to support their family. By contrast, people who answered 'no' justified their response with the belief that taking unofficial fees had already become a habit of government officials.

### **Extent of Unofficial Fees and Its Implications**

Based on EIC data, the annual amount of unofficial fees paid to the communal administration in Cambodia is about US\$5-6 million in addition to the current communal budget. This amounts to less than 10 percent of the total annual amount of unofficial fees paid by households to all public services at all levels which reached around US\$66 million in 2005, based on the CSD corruption survey data.

At the macro level, the amount of unofficial fees paid to the commune offices nationwide is small, representing less than 1 percent of the total national budget, or just about 0.1 percent of the country's GDP. But the impact of these unofficial fees is considerable for poor people.

From the survey's findings, unofficial fees exist within the public primary education, mostly occurring in Phnom Penh and provincial towns. Unofficial payments in rural primary schools seem not to occur for three main reasons. Firstly, rural families are generally poor and cannot afford unofficial fees. Secondly, rural teachers are also farmers, providing them with additional income and food. Thirdly, the relationship between

teachers and people in rural areas seems to be stronger than in urban areas due to the small population size.

In contrast, unofficial fees are not clearly visible in health centers. Reasons for this are the small scale in both operation and services fees that are generally published in most of the health centers. In addition, people use health center services because they cannot afford to go to a peripheral hospital or a private clinic.

#### *Unofficial Fees as Salary Supplementation*

Acknowledged by the majority of interviewees, the primary reason for unofficial fees is the basic needs of public service officials. The unofficial payments thus provide important additional amounts to the current staff salaries, especially for the commune officials and primary school teachers in urban areas.

With the total estimated unofficial fees paid nationwide, an equal amount of about US\$36 per month could be added to the current salaries of commune officials, which is about US\$18 per month. Based on the actual amount of unofficial fees of each individual commune, the additional amount varies greatly from urban to rural areas. In practice, however, the amount of unofficial money is not generally subject to an equal allocation among all commune staff, mostly going to the commune clerk and commune chief who possess main administrative authority.

In the case of unofficial fees paid in primary schools in Phnom Penh, an average amount of about US\$46 could be added to the monthly salaries of every teacher, which currently is around US\$30. In addition to that, each primary school teacher can generally earn around US\$76 per month from supplementary courses. But, the findings also show that only 33 percent of urban teachers and 9 percent of rural teachers are able to provide supplementary courses to complement their official salary.

#### *Unofficial Fees and the Communal Budget*

As a decentralized government, the commune is legally entitled to three main sources of funds: transfer from the central government, own-sources revenue and local contribution from people. However, the current commune financial system greatly depends on funds transferred from the central government while the other two sources account for small amounts due to legal and practical reasons.

For the year 2006, the national transfer from the central government to the 1,621 communes amounted to around US\$19 million. Of this amount, up to one-third is for administrative costs and the remainder is for local development. The average amount of funds transferred from the central government to each commune averaged approximately US\$11,700.

On average, the annual official fees collected by each commune range from about US\$440 in Phnom Penh, US\$300 in provincial towns, US\$170 in district towns and US\$100 in rural areas. Whereas, the average share of local contribution funds in each development project generally represents around 8 percent for the commune in Phnom Penh, 5 percent in provincial towns and 3 percent in both district towns and rural areas.

Aside from all of these official funds, the unofficial fees represent a significant additional share if included in the budget of each commune. The share of unofficial fees is generally high at the Phnom Penh commune (38 percent) and respectively declines in provincial towns (31 percent), district towns (20 percent) and rural areas (12 percent).

#### *Unofficial Fees and Households' Livelihoods*

The survey's findings in general did not find that unofficial fees had a significant impact on households' livelihoods. On average, every household pays about 9,000 Riel (around US\$2.25) annually to the Commune office as unofficial fees. Compared to their annual expenditure, the average share of unofficial fees paid by each household varies from rural to urban areas, ranging from 0.2 percent in remote rural areas and 0.5 percent in provincial towns.

However, this unofficial payment practice constitutes a great burden for people in terms of accountability and transparency of local service delivery.

### **Next Steps towards Efficient Local Services: Suggestions by Stakeholders**

For all local public services to be delivered efficiently, increasing staff incomes to a decent level is seen as a precondition for other reform measures to be effectively implemented.

#### *Formalizing Unofficial Fees and Increasing Staff Salaries*

Concerning the increase of commune staff salaries, suggestions raised were oriented towards three main options: formalizing unofficial fees, raising supporting funds from the national transfer and enhancing commune own-source revenues through expanded local service delivery.

Formalizing unofficial fees was considered an important choice not only in order to provide additional contributions to the commune budget but also to allow the payment process and management to be more transparent. Agreeing with this, commune officials seemed to express strong concern over whether the Government would allow the use of these fees to increase their salary.

Still, the amount to be formalized will not be sufficient enough to support the basic needs of all staff, especially for the majority of rural communes where the frequency of services provided is generally low.

In the context of the upcoming organic law on democratic development, a number of municipal and provincial communes believed that their commune could stand without national transfers from the central government if they were authorized to collect a number of other user fees and local taxes. By contrast, the majority of rural communes still did not believe that they can survive autonomously.

The source of communal revenue mentioned by officials as fit for local delivery mainly relate to the economic activities around the local markets of their locality, road taxes on motorcycles, tax on unused land and other taxes on small business operators. For some services, the commune offices believe they can collect these local taxes more effectively than the higher authorities currently do as they possess more information on who owns what in their community.

Regarding primary school and health center services, raising salaries to an adequate level would restrain teachers and health center staff from taking unofficial fees. Moreover, this would also be a key motivating factor for them to deliver better services to the community.

#### *Raising People's Awareness and Strengthening the Code of Ethics*

Once staff salary and local budget becomes adequate, raising people's awareness of official fees and strengthening the code of ethics of local public officials will be applicable.

Having official service fees publicly published was highly recommended in all FGDs and qualitative interviews with local key informants. To this end, 'information notice boards' is suggested to be established to publish the official service fees at the accessible visual reach of service users.

To eliminate or substantially reduce unofficial fees, a code of ethics, administrative regulations and especially disciplinary measures were suggested to be adequately established and strictly imposed and implemented. According to concerned local NGOs, the establishment of any code of conduct or regulations should particularly focus on how to change the habit and mindset of state officials from behaving as a governing authority to acting as public service providers based on client-oriented perspectives.

For primary schooling and health center services, adequate policies, equipment and staff capacity building were recommended by all stakeholders. Particularly, basic health staff should receive suitable professional training and be constantly trained to update their knowledge and skills to meet the increasing needs of the community.

### **Policy Recommendations and Conclusion**

For all three services, closer involvement and more responsibility for the Commune can be expected to improve the quality of services. However, primary education and public health require technical expertise that is currently not available at the Commune level.



As the findings show, improving local service delivery without unofficial payments is possible, if the communes have a relevant budget to support the livelihoods of their staff and promote local development. At the macro level, the unofficial fees are small, representing less than 1 percent of the national budget, but the impacts on the poor in terms of service delivery effectiveness are considerable.

Nevertheless, formalizing unofficial fees is not sufficient to provide staff with livable wages. Greater financial autonomy for the commune in terms of power and capacity to collect local taxes are needed. These roles should be precisely defined in the D&D organic law.

A well-designed policy experiment is highly recommended to pilot the formalization of administrative service fees and the transfer of certain tax and non-tax revenue collection to the Commune level. However a more comprehensive study is required to be able to design a pilot in such a way that it can generate the kind of practical knowledge that is necessary for up-scaling its innovations to progressively larger numbers of Communes.

For a pilot to be well-designed it needs to be able to generate sufficient relevant knowledge about what works, under what condition, for policy makers to be able to make an informed next move.

## Why this Study?

Most developing countries are confronted with issues of corruption due to a lack of transparency and accountability in their governance system, and due to the poor enforcement of anti-corruption measures. The Royal Government of Cambodia's framework for its development policy, the Rectangular Strategy, has as its core the establishment of good governance. Good governance is defined as the optimal way in which public authority is formed and used to effectively control, manage and equitably allocate society's resources.

Systemic corruption in Cambodia's public services has repeatedly been identified as a major constraint to Cambodia's economic development, undermining the Government's political commitment to promote economic growth and reduce poverty, and weakening the Government's social contract with its citizenry. It seems that in light of the serious problems afflicting the civil service - low pay, low skills, and thus low capacity – solutions will have to include higher revenue collection to support a comprehensive civil service payment reform, and thus promote effective, transparent and accountable service delivery.

Most recently, the pervasiveness and negative effects of this phenomenon were documented in an EIC/Pact study on Corruption in the Private Sector<sup>1</sup>. This study focuses on local public service delivery at the Commune level. The Commune level of government holds as yet untapped promises to address non-transparent fee-collection, and increase the quality of service delivery.

The services provided at the Commune office, health center and primary school are the three most important local public services in the population's daily lives in terms of frequency of interaction. Making these services more transparent and accountable, and improving their quality will in turn improve Cambodia's human resources and social welfare. This study investigates all three of these services but devotes most attention on the services delivered by the Commune office. Unlike the health and education services, services provided by the Commune office are under the direct responsibility of the local government and thus offer the most scope for innovative policy experiments at the local level.

This study came about because of the urgent need to identify feasible ways to eliminate unofficial payments within local services, especially the Commune administration, and help Commune level civil servants to improve their performance.

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<sup>1</sup> EIC (2006)

This DANIDA and PACT funded report provides empirical findings on the cause and extent of unofficial fees paid by households for public services at the commune level, and the experience of service users in paying them. These findings result in suggestions for a practical policy experiment to test formalizing unofficial fees, a strategy that both service users and service providers see as feasible and suitable.

# Chapter 1

## Public Service Performance and Unofficial Fees: an Overview

This Chapter will provide an overall picture of the issues of unofficial fees at the local level, which will then be followed by a specific analysis of the service sectors reviewed for this study. Findings on local service performance will be thereafter elaborated in connection with people's perceptions concerning the honesty of the studied service providers.

### 1.1. Overall Image of Unofficial Fees

The issue of corruption is hotly debated in Cambodia. Government, civil society and donors all work on and/or lobby for strategies to improve the current situation. Cambodia's rank in the 2006 Transparency International Corruption Perception Index, nr.151 of 163 countries, a drop of 21 places from its position in the 2005 index, indicates the seriousness and pervasiveness of corruption<sup>2</sup>.

The policy debate is informed by several research-based assessments, some focusing more on perceptions of households and the direct financial impact on the daily lives of citizens<sup>3</sup>, others on the effects on the private sector<sup>4</sup>. However, the thrust of the debate is on the need for macro-level interventions to improve the rule of law, public financial management, the investment climate and the country's competitiveness, etc. The debate is thus very much dominated by issues such as the difficulties surrounding specific legislation (anti-corruption law), and specific national level institutions (an independent anti-corruption body, a commercial court). Although this focus is clearly important, it results in a lack of attention on initiatives addressing the effects of corruption on households' daily lives. Such initiatives hold promise for two major reasons:

1. Irrespective of the severity of the *direct* impact of bribes, unofficial fees, etc (see below) it is at this level that corruption is most damaging to the social contract between government and its citizenry. Cambodia indeed seems to stand out in the region in terms of its level of institutional trust<sup>5</sup>.
2. It is at this level that Cambodia's reform efforts to date have been most successful. Of all institutional reforms, the Decentralization Reform stands out as relatively successful and effective. The dynamics of the local arena

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<sup>2</sup> Available at: [http://www.icgg.org/corruption.cpi\\_2006.html](http://www.icgg.org/corruption.cpi_2006.html)

<sup>3</sup> The major example of this is CSD (2005A)

<sup>4</sup> The most recent: EIC (2006)

<sup>5</sup> E.g. see CSD (2005A), p. 45-49 and Hean et al. (2004), p.8

are dependent upon but only partially determined by national level interests, and the diversity of local circumstances and their often limited rent-seeking opportunities provide more scope for pilots and incremental policy learning, than the macro-institutional changes that directly affect the country's most powerful.

From the above perspective, the most interesting and promising *local* level is that of the Commune. This is the lowest level responsible for or involved with public service provision. Above this level, it is an independent directly elected level of government, which makes for a very different environment as far as popular demand for accountability and responsiveness compared to the other sub-national levels that are under the control of the national government (districts and provinces).

There is a lot of evidence that Cambodians (traditionally) do not look upon government as representing their collective interest nor do they hold strong expectations regarding government as a duty bearer with respect to public services. Rather government is seen as a potentially dangerous outside force that is to be avoided. To the extent that these adverse attitudes are changing, they are changing fastest regarding the level of government that is closest, i.e. at the commune level. Public opinion towards the lowest level of government is still not very positive and even negative. However, it is consistently more positive than towards any higher level of government.<sup>6</sup> Also, the finding that people perceive improvement since the commune administration changed from an appointed to an elected level of government is very evident in any study probing the opinions of the general population and/or the elected officials (Commune Councilors).<sup>7</sup> The study's results are quite clear with respect to developments since the 2002 Commune/Sangkat elections: 85 percent of respondents found that the local development in their community is better than before.

Obviously, international literature gives as much reason for pessimism as hope regarding the relationship between corruption and decentralized government.<sup>8</sup> The "... literature on decentralization and corruption points in different directions and provides no clear-cut conclusions" (Fjeldstad, p.17). It is clear that only the study of the "concrete inter-linkages between state institutions and society"...have to be probed in detailed case studies "to explore the multiple ways in which they influence and shape each other" (ibid. p.20). This includes both the formal structures and the informal networks of patronage and social domination because a key question is the necessary conditions to reduce the risks of local government dominated by local elites. The evidence to date points towards the Cambodian Commune administration being quite as hampered by

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<sup>6</sup> E.g. Ninh et al. (2005), p.19, CSD (2005A), p.45

<sup>7</sup> For comparable results, see e.g. Rusten et al. (2003), Biddulph (2003), Ninh et al. (2005)

<sup>8</sup> See e.g. Fjeldstad, O. (2003), World Bank (2005).

elite domination<sup>9</sup> and the results below confirm this picture. This implies that the Commune level indeed holds promise. But to realize that promise better evidence-based facts regarding current performance, unofficial fees, and service users' and service providers' perceptions and opinions are needed.

**Box 1.1: “Corruption” or “Unofficial Fees”?**

In the above paragraph, the terminology was changed, from “corruption” to “unofficial fees”. Technically, “unofficial fees” – i.e. informal payments that are not required by the law when people access public services such as tea money, ink money, and prize money as opposed to “official fees” which are formal payments required by the law in order to obtain public services – are “corruption”: the abuse of public power for private benefit/profit.<sup>1</sup> However, given the serious problems afflicting the civil service - low pay, low skills, and thus low capacity – at all levels, but especially at the lowest, for the time being, unofficial fees are unavoidable. As results show, this reality is recognized by service users and service providers alike. Using the term “corruption” with its strong connotations of wealth and rent-seeking is both unfair to those who have to provide local services, whatever their quality, without a livable compensation, and comparing apples and pears.

The objective of this study is to find out how Commune level service provision directly affects households' livelihoods and the current reality of unofficial fees in order to find the best opportunities for institutional change.

The study investigated only three of the services provided at the commune level: services provided by the Commune office, primary schooling and health centre services. The reason for limiting the study to three areas is twofold:

1. The study was designed to allow for a choice that seems promising not only in a couple of case study locations, but all over the country. This implied broad coverage which can only be combined with a limited focus at each location: three services only.
2. In general, administrative services by the Commune office and health center and primary school services are considered the three local public services that people have the most interaction with and which have the most influence on the daily lives of the population. In addition, empirical studies that have representatively mapped the percentage of households that have had contact with these particular services over the last year show this to be the case<sup>10</sup>.

However, the institutional embedding of these three services is quite different. Both health centers and schools are not under the management of the Commune Council (CC), the Commune office is. Cambodia Development Resource Institute's democratic governance and public sector reform program

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<sup>9</sup> See e.g. Ninh, et al. (2005), p.21-24

<sup>10</sup> See: World Bank (2000), CSD (2005A)

looked at the role Commune Councils can play regarding local service delivery<sup>11</sup>. With respect to primary health and education services the role of the CC is judged to be feasible only in providing assistance<sup>12</sup>, and non-technical monitoring and evaluation. The latter may include activities related to unofficial fees, but overall the intervention possibilities are expected to be much more tangible and far-reaching regarding the one service that the CC is directly delivering. Like the “hard” services investigated by CDRI – maintenance of rural tertiary roads and solid waste disposal - wherein the Commune administration can play a direct and hands-on role because the technology involved for service provision is fairly simple, and commensurate with the available capacity, Commune office administrative services are the core focus of this study. The other two services are mainly included because having information on other local services as comparison benchmarks allows for better contextualization and increases the likelihood that the findings allow for practical suggestions for policy interventions.

## **1.2. Focus on Commune Office, Primary School and the Health Center**

The three services investigated differ in terms of their fee structure. Primary schooling is in principle free. For some services the Commune administration can officially charge the service users, but in addition to these (many) other services are provided that require the user to pay an unofficial fee. And the health centre has official user fees for all its services.

### ***1.2.1. Services at the Commune Office***

After the implementation of the decentralization system in 2002, the Commune offices were made responsible for duties related to the general management and development of the local community's livelihood<sup>13</sup>. These service delivery duties cover a broad range of duties and include most sectors such as local roads, small infrastructures, irrigation, school buildings and maintenance of public properties, but excluding the education and health sectors.

Aside from these overall management and development responsibilities, civil registry has been the only mandatory service whereby communes can collect official fees directly from households who are service users. The fees collected from civil registry services form the commune's main own-source revenue. The

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<sup>11</sup> Horng, V. et al (2005)

<sup>12</sup> E.g. mobilizing for vaccinations and registering children for schools.

<sup>13</sup> These responsibilities cover local security and public order, protection of the environment and natural resources, promotion of social and economic development, general affairs of the commune and the required public service delivery: Article 61, *Sub-Decree on the decentralization of power, duties and functions to the Commune Councils*, dated February 25<sup>th</sup>, 2002

current legal framework does not clearly determine which other local fees can be collected by the Commune office<sup>14</sup>.

In practice, however, the Commune offices provide other administrative services to local households in exchange for some unofficial fees, although those services have not been clearly defined by any law or regulation. This uncertainty generally leads to confusion and a low level of awareness of the official service fees, creating an environment conducive for unofficial fee payments. In this study, unofficial fees cover all kinds of payments, which exceed the official mandatory service fees as well as the total payments for other practical services which do not require any official fees.

### ***1.2.2. Primary School***

Sustainable development is defined by three indicators: economic growth, life expectancy and the alphabetization rate (*Amartya K. SEN, 1998*). With these indicators, human resource development is considered as an important key for economic and social well-being development.

Rural families face a lot of difficulties in sending their children to school because they cannot afford school fees and they are physically isolated from the school. By acknowledging this issue, the Royal Government of Cambodia has recently established several strategic plans such as Education for All (EFA), Expanded Basic Education for All, Education Sector Support Program (ESSP), and Priority Action Program (PAP) to ensure that most school-aged children, especially in rural areas, are able to access basic education free of charge.

Besides government efforts, many organizations have also contributed to improving the basic education through financial and material support and also revealing the fundamental barriers faced by poor children to access basic education. The 2005 CSD Corruption assessment found that corruption in the public education sector accounted for US\$37 million per year. This amount represents around 55 percent of the total corruption in public services. However, these findings do not differentiate between primary, secondary and higher educational levels. This study's focus is on *primary schools only*, implying that the findings and those of the CSD study are not directly comparable.

The World Bank "Public Expenditure Tracking Surveys, 2005" study illustrates that about 64 percent of school directors reported having paid a facilitation fee (informal cash payment) to the district education office (DEO) officials in return for the disbursement of PAP 2.1 funds. Even though the reported fees paid were relatively modest (from 1,000 Riel to 4,000 Riel), they are

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<sup>14</sup> According to the Ministry of Interior, other mandatory services and their fees are being prepared within the process of an organic draft law on decentralization and deconcentration (D&D) of the sub-national administrations



also one of the major barriers to reaching the optimal efficiency of the entire primary education system.

In sum, much research has been done in the public education sector but the objectives have been broad. Thus, the research findings specific to the nature, causes and extent of unofficial fees in primary education will be presented in the following section.

### ***1.2.3. Health Center***

The population's welfare is generally considered as the second development indicator. Cambodia, as well as other developing countries, is confronted with health issues affecting the population that impact on life expectancy. Even though Cambodia's health services have been improving in the last decade, many Cambodians, especially people living in remote areas, still find it difficult to access basic health services due to the inadequate number of communal health centers.

Unofficial payment and unfair treatment by the public health service staff is a major obstacle for poor people to access health care services. The 2005 CSD Corruption Assessment found that bribes in all levels of public health annually accounted for about only US\$1.3 million, but, as with the public education figures discussed above, these figures are not directly comparable to the study's findings which are limited to unofficial payments at *health centers only*.

## **1.3. Service Performance from Users' Perceptions**

Opinions about service quality or provider behavior and opinions about payment of unofficial fees were closely intertwined. This relationship is posed by most corruption theories<sup>15</sup>, but is also very evident in empirical Cambodia data.

The CSD corruption survey shows a close relationship between perceived service quality (performance) and institutional integrity ratings<sup>16</sup>. The results also suggest that the integrity rating is influenced by the ratio of official and unofficial payments<sup>17</sup> and performance rating. In other words, the data suggests that the causal direction is more from performance to integrity than the other way around. So to correctly understand how Cambodian service users experience unofficial fees for particular services it is important to see them in light of their performance evaluation of these services.

The survey questionnaire answered by 859 service users contained a couple of performance questions that were asked for all three services.

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<sup>15</sup> See: Lambsdorff, J. (2001)

<sup>16</sup> CDS (2005), p.50.

<sup>17</sup> I.e. if only a small part of the total payment required is official the service is likely to be rated more "corrupt"

**Table 1.1: Performance Evaluation of Local Services**

	<b>Commune Office</b>	<b>Primary School</b>	<b>Health Center</b>
<b>Effective</b>	<b>55%</b>	<b>63%</b>	<b>49%</b>
<b>Sometimes Effective, Sometimes Not</b>	36%	32%	41%
<b>Not Effective</b>	8%	5%	7%
<b>No Answer</b>	1%	0%	3%
<b>Total Respondents</b>	859	859	859

**Source:** EIC's Survey, July-August 2006.

The service users were asked their opinion on the performance of the services provided. Table 1.1 shows that the evaluations<sup>18</sup> of the quality of the services provided do not differ radically between the services, but there is a rank-order evident with primary schools being evaluated best, followed by the Commune office, and then the health centre. This replicates the rank order that was presented in the CSD quality of service ratings.<sup>19</sup>

As observed during the FGD, the above more positive results for service performance were perceived by households in a context where service providers performed their duties under hard working conditions and with inadequate salaries. An FGD member raised, *"I think their services provided are good enough compared with their very low salary; if I were them, I am not sure if I will be able to stay working or to provide the same quality of services with this low paid salary"*.

Another shared performance indicator is service users' awareness of complaint procedures (only the Commune office has a specific "accountability box" for complaints/questions) or possibilities to complain (verbal complaints to school principle or health centre director). Table 1.2 shows limited awareness across services, with the same rank order as for the performance evaluation: most awareness of the possibility to complain about primary schools and least awareness regarding the health centre.

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<sup>18</sup> If results for all service users are reported, this implies that there is not much difference between the results for provincial, district and rural communes. When the results differ substantially between these types of communes they are reported separately.

<sup>19</sup> CSD (2005), p.26

**Table 1.2: Awareness of Complaint Procedures**

	<b>Commune Office</b>	<b>Primary School</b>	<b>Health Center</b>
<b>Yes</b>	29%	35%	22%
<b>No</b>	<b>69%</b>	<b>63%</b>	<b>73%</b>
<b>No Answer</b>	2.0%	2%	5%
<b>Total Respondents</b>	859	859	859

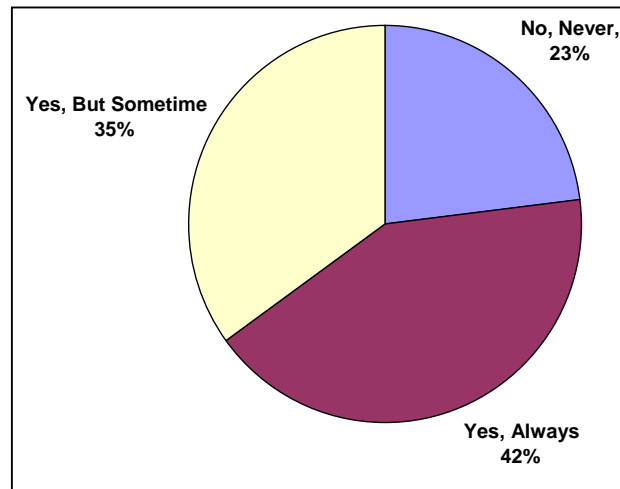
**Source:** EIC's Survey, July-August 2006.

Some follow up questions were asked to those that were aware of the existence of the possibility to complain. The results showed that one third of those aware of complaint procedures for Commune office services had made use of them, as opposed to only one fourth of those aware of the possibility of complaining about primary school services or the health centre had made use of this option. Of those who had made use of complaint procedures, the ones complaining about primary schools or health centers were more often satisfied (4 out of 5 complainants) than those who had complained about a Commune office (two out of three complainants). When looking at reasons why people had *not* complained, primary schools again stand out as the “best” evaluated service: Only one out of ten service users mentioned “dared not complain” as a reason, compared to one out of five for Commune office services and health centre services.

For Commune office services two additional aspects of performance were explored: transparency and accountability regarding service duration and difficulty to access to the requested services.

At present, service times are not universally mandated, leaving the time required for service duration at the discretion of commune officials. The duration is mainly dependent on their availability. The survey results show that 42 percent of respondents were always told in advance about the duration for obtaining their requested service, while the other 35 percent stated they were informed sometimes. Only 23 percent of respondents claimed they had never been informed.

**Figure 1.1: Has the Commune Office Informed You in Advance about the Duration to Obtain Your Requested Services?**

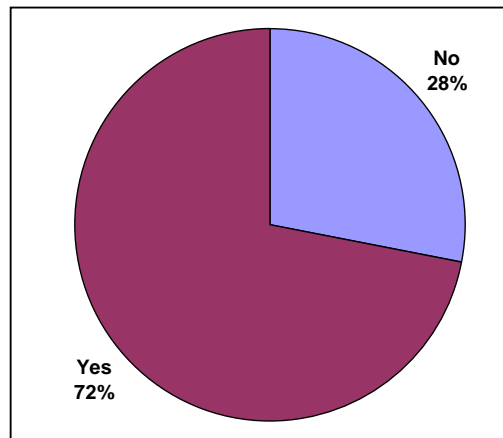


Source: EIC's Survey, July-August 2006.

Among those who had been informed, around half of them acknowledged that the commune office provided the requested service on time but another half claimed they were late. In general, the delay in services was around three to five days.

Users were also asked if they accepted to pay more for faster service. Three out of four service users responded positively. The result shows the extent to which the widespread unofficial “speed money” fees are an accepted practice. However, this does not mean that people are pleased to pay higher fees, but prefer receiving faster and more simplified services in stead of waiting for a cheaper but longer service delivery.

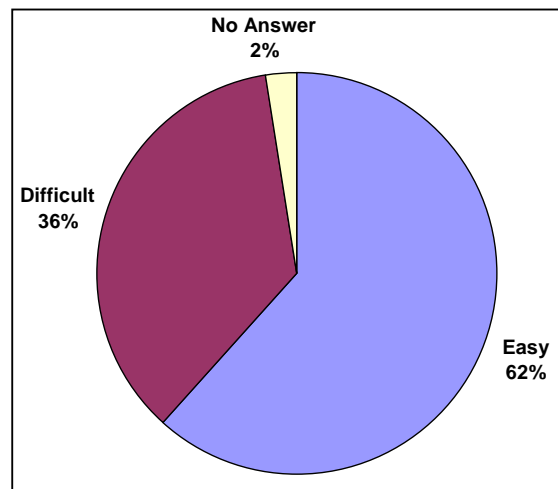
**Figure 1.2: Acceptance of Households to Pay Additional Fees for Faster Services**



Source: EIC's Survey, July-August 2006.

Concerning the level of difficulty in requesting services from the Commune office, the answers here indicate that one out of three service users experience the Commune office as not very accessible.

**Figure 1.3: The Level of Difficulty in Requesting Commune Office Services**



Source: EIC's Survey, July-August 2006.

#### 1.4. Local Services and Honesty Rating

Service users, who answered the questionnaire individually, were then asked to rate the three local services in terms of their honesty regarding fees charged and quality delivered. Table 3 below shows a clear rank-order: Primary schooling receiving the best rating and the services of the Commune office the worst.

This rank-order seems to indicate – in line with the CSD 2005 findings – that the ratio of official to unofficial fees for a particular service provider is the major determinant of the perceived integrity of this provider. Perceived service quality does play into it but seems to be multifaceted: Health centre services are seen as somewhat less *effective* than those of the Commune office (see table 1), but the fee structure of Commune office services is less transparent than that of health centers, and Commune officials are seemingly less trusted, and seen as more distant than primary school teachers and health centre staff. Although there is no comparable data for the other two services, one third of service users reported accessing Commune office services as “difficult” (see Figure 3), information provided, i.e. on the time a particular service is going to take, is often not accurate (see above), and when one complains results are judged less satisfactory than with the other two services (see above).

**Table 1.3: How Honest Do You Rate Local Services?**

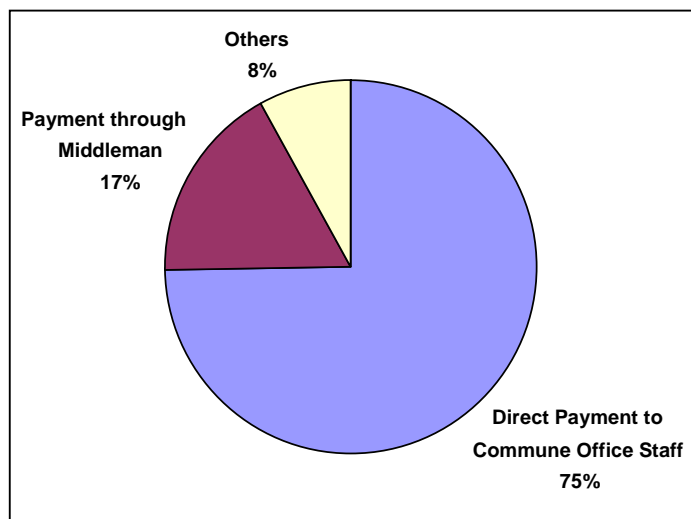
	High	Medium	Low	Total (*)
Primary School	57%	31%	12%	851
Health Center	23%	52%	25%	845
Commune Office	18%	23%	59%	852

**Note:** (\*) Those who did not answer this question were not included.

**Source:** EIC's Survey, July-August 2006.

Another indication of the relative distance of this service provider is the finding that Commune office services are sometimes paid for through the use of a middleman.

**Figure 1.4: Unofficial Fee Payment at the Commune Office through Middlemen**



**Source:** EIC's Survey, July-August 2006.

According to the CSD 2005 corruption survey, the use of middlemen is quite frequent: 17 percent of gifts and 36 percent of bribes are mediated by middlemen<sup>20</sup>. This phenomenon has not yet received much attention and its implications are therefore not yet well understood. However, the EIC 2006 Private Sector Corruption Assessment does strongly suggest a direct relationship between the formality of procedures and the use of middlemen: 7 percent of micro-enterprises reported the use middlemen, compared to 64 percent of large

<sup>20</sup> CSD (2005), p.37.

business. The survey's data supports this with the finding that unofficial fees to primary schools are *never* mediated by middlemen.

Of the three services, those of health centers services are already the target of financing system experiments, which aim at a combination of improving provider behavior, access to the poor, and transparency and accountability, including efforts to rid the system of unofficial fees. The Cambodian government has made health equity funds and related experiments (e.g. Community-based health insurance) part of its Health Sector Strategic Plan 2003-2007.

## Chapter 2

### Awareness and Causes of Unofficial Fees

Lack of information of official service fees leads to confusion for local service users and thus provides for an environment conducive to the payment of unofficial fees. However, the survey findings show that people's awareness of official fees is only a necessary, not a sufficient condition to avoid requests for and payment of unofficial fees.

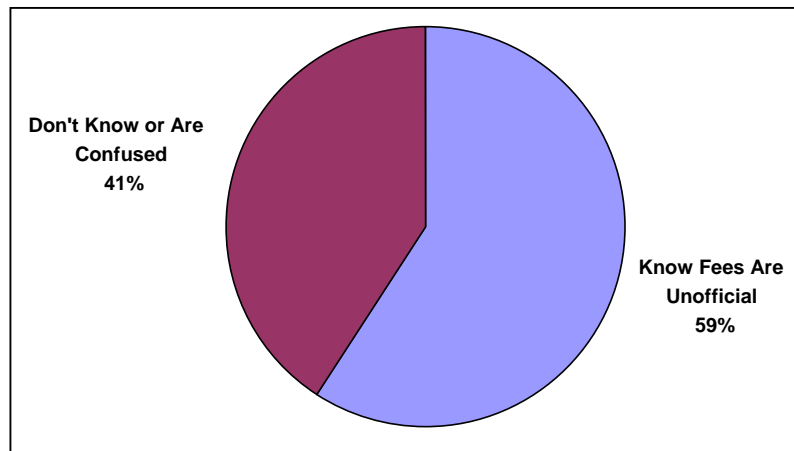
This chapter will examine the actual reasons for unofficial payments having analyzed the awareness of service users when paying for local services.

#### 2.1. People's Awareness of Unofficial Fees

The extent to which a service provider informs users about the fees required for different services can actually be interpreted as a performance/quality indicator.

Obviously, the three services are not directly comparable because they differ in the extent to which there are official fees. However, even when there are no official fees, as is the case for primary education, people do pay fees. As Figure 4 below shows, of the 196 respondents who reported paying fees for primary school education (more detailed information follows below) only 59 percent were fully and unambiguously aware that these fees were unofficial. The rest thought they were official or a mix of official and unofficial or just did not know.

**Figure 2.1: Awareness of the Nature of Fees Paid for Primary Education**



Source: EIC's Survey, July-August 2006.



For the other two services, there are official fees for some (Commune office) or all services (health centre). Therefore, service users were asked directly if they were informed about official fees before making use of the service:

**Table 2.1: Awareness of Official Fees before Service Use**

	Commune Office	Health Center
<b>Yes, Always</b>	10%	<b>34%</b>
<b>Yes, Sometimes</b>	31%	30%
<b>No, Never</b>	<b>57%</b>	31%
<b>No Answer</b>	2 %	5%
<b>Total</b>	859	859

Source: EIC's Survey, July-August 2006.

The users of health centre services, where all services have an official fee, were better informed than those of Commune office services, where only some services have official fees. Ambiguity about user fees thus contributes towards users being less well informed.

Service users were also asked if they knew if fees were official or unofficial:

**Table 2.2: Do You Know If Fees Paid Are Official or Unofficial?**

	Commune Office	Primary School	Health Center
<b>Official</b>	20%	10%	<b>48%</b>
<b>Unofficial</b>	17%	<b>55%</b>	6%
<b>Official and Unofficial</b>	20%	10%	15%
<b>Don't Know</b>	<b>41%</b>	20%	26%
<b>Not Specified</b>	2%	5%	5%
<b>Total Respondents</b>	859	207	859

Source: EIC's Survey, July-August 2006.

The results of this question support the conclusion of the former question: primary school (*no* official fees) and health centre (*all* services official fees) have a substantially lower “don't know” response than Commune office services with their mixed fee structure.

Thus one factor which permits the practice of unofficial payments is a lack of information on official service fees. Some respondents claimed that “*the fee is at their [the officials’] mouth*”. The above data is consistent with the responses from commune council members who generally admitted that the official fees are not publicly published. Without publicly published service fees, most people are incapable to differentiate between official fees and unofficial fees. People’s low awareness of the official service fees generally allows for an environment conducive to the practice of unofficial fees payment.

However, publicly announcing official fees is only a necessary, not a sufficient condition to avoid requests for and payment of unofficial fees. The study found that people were paying unofficial fees for birth certificates even during the campaign process where this service delivery was clearly declared as free of charge, with almost all people aware of this exemption.

## 2.2. Reasons for Unofficial Payments

The reasons for paying unofficial fees were explored during the FGDs with service users. In FGDs with providers, arguments for requesting and/or accepting unofficial payments were equally discussed. In addition, the survey questionnaires for service users also contained a question on perceived reasons why service providers require unofficial fees.

The quantitative results paint a picture of very consistent public opinions on the main cause of unofficial payments for all three local services:

**Table 2.3: For What Purpose Are Unofficial Fees Used by Service Providers?**

	Commune Office	Primary School	Health Center
<b>Support Daily Expenses of Their Family</b>	<b>59%</b>	<b>67%</b>	<b>66%</b>
<b>Satisfy Senior Officials to Maintain/Promote Position</b>	14%	12%	11%
<b>For Entertainment</b>	8%	7%	6%
<b>To Contribute to Political Party</b>	6%	2%	3%
<b>Others</b>	13%	12%	15%
<b>Total Answers (*)</b>	1009	853	801

**Note:** (\*) Multiple answers were possible.

**Source:** EIC’s Survey, July-August 2006.

### 2.2.1. Commune Office Services

Answering why people need to pay unofficial fees to the commune office, household members in FGDs acknowledged that in most cases people of their own accord offer additional fees for some specific purposes. But in some cases people must pay the unofficial fees to receive the service simply because the commune officials asked for it. Aside from these subjective factors, other circumstances also help facilitate the unofficial payment.

A simple reason for people offering additional money is to express their gratitude to the commune officials for their work provided or extra services. A household respondent in Pursat province stated, *“If we do not give them additional money, they also do it for us; they do not require us but we give them money to thank them because they do a lot for us; their salary is very low”*. Adding to this, some respondents acknowledged that providing “thank you” money could also help build good relations with commune officials for future services.

Another important reason for people to pay more is to quicken the service process. *“The first pays less, gets last; the last pays more, gets first”*, complained an FGD member in Kampong Thom province. By contrast, a small number of people provided additional money not to attain any specific purpose but simply because offering unofficial fees is a habitual or polite way of receiving services. A household respondent said, *“I would feel ashamed when they provide me services and I have nothing to give them”*.

However, “simply because the commune officials require people to pay” is sometimes a short answer to the question as to why people need to pay unofficial fees to the Commune office. Supporting this statement, an FGD member explained, *“No required fee paid, no service done”*. Given such a response, the interview team generally asked respondents if they made any complaint when this kind of requirement was made. The answers were mixed, though the number of people who said “no” was predominant (66 percent). The main reason for the absence of complaints is the lack of transparency and distrust in the complaint mechanism.

Aside from low awareness of official fees, some people dare not complain because they fear the commune officials in their capacity of governing authority. The reason is also explained by people’s carelessness given the small amount of money required. Besides, some people pay required fees simply because other people pay these fees too.

A large majority of people believed that the commune officials use the unofficial fees to support their family's daily expenses. To justify this, interviewees quickly raised the issue of low salary and poor living standards of the commune

staff. A primary school teacher mentioned that: “A teacher's salary is low but commune council's salary is even lower; so, how can they live while a salary of 80,000 Riel is not sufficient even to buy cigarettes?”

This perception was then confirmed by the common answer from all Commune Council members who acknowledged that the unofficial fees were used to complement the basic needs of their daily life. In addition to this answer, the interviewed officials frequently asked the research teams whether they knew how much the commune officials earned per month. Though, the majority of commune officials recognized that they could not do much for their family with the sums offered by service users, the money is mainly used to support their daily expenses such as breakfast, cigarettes, gasoline etc. Some other commune members acknowledged that the money is also distributed to their staff for their hard work.

During the discussions, all respondents were also asked to give their perception on whether commune staff will stop asking for additional fees if their salary is increased to a decent level. In almost every FGD, the answers to this question presented mixed results both among the households group and commune member group. People who answered ‘yes’ considered taking unofficial fees as the last choice for commune officials as their salary is too low to support their family. Once the salary is sufficiently increased, they believed that those officials, in their capacity as people’s representatives, will become ashamed to continue taking money from the people.

By contrast, people who answered ‘no’ justified their response with the belief that taking unofficial fees had already become a habit of government officials, including commune staff. “A big wild ox eats grass in the big forest and a small wild ox eats grass in the small forest”, explained an FGD member in Banteay Meanchey province.

Despite this difference, all respondents believed that increasing salaries would help reduce unofficial payments and would make the administrative and legal punishment more rational and effective.

### **2.2.2. Primary School Services**

The reason for accepting unofficial fees, according to both households and teachers, is due to the inadequate salaries of teachers. Teachers in most FDGs mentioned, “The teacher's salary is too low so quite often they receive complaints from their wives”.

Answering the question why do urban teachers take money, a primary school teacher in Kampong Thom town asserted, “Honestly, teachers do not want to take money from pupils, but poverty obliges them to take it ...The salary does not increase as fast as the price of goods”, he added. Another teacher in Siem Reap provincial town

explained, *“Some days, teachers’ pockets are empty... Thus, teachers do business in class because they are poor and need money to support their daily expense”*. Another teacher added, *“It does not mean that we are happy to take money from the students, instead, we feel ashamed and guilty to do so, but our children need rice to eat ... Thus, we have no choice”*.

One can conclude that there are two main reasons for taking unofficial fees: poverty and high living costs, especially in urban areas.

In more serious cases, teachers are known to punish pupils who do not pay unofficial fees. The punishments ranged from cursing them, refusing the pupil’s presence in class, obtaining low grades, and not allowing the pupil to be upgraded at the end of the year. *“No money, no score, no good record”* stated participants in a FGD in Kampong Thom. In support of this argument, a FGD participant in Kampong Cham said, *“Even though my child gets a high score, he could not get a good grade if he does not pay his teacher”*.

### **2.2.3. Health Center Services**

Even though unofficial fees at health centers are relatively small or invisible, according to some FGDs, a small amount of people admitted that they sometimes gave “thank you” money to health center staff for their service even though staff do not ask for money. This argument is supported by FGD participants in Banteay Meanchey, *“We give them money because they save our life”*. FGD participants in Prey Veng province thought that it is easier to obtain help from them in the future if they give them some money, *“They help us, we help them”* and *“They give (services), we give (money) too”*. However, “thank you” money is generally given to health center staff only in some serious cases such as a birth delivery that needs help from a traditional midwife during non-working hours.

Furthermore, the FGDs indicated that the low unofficial payments provoke poor service performance of the health centers. Also, in some rural areas, the very poor are not able to a fee waiver for which their poverty status qualifies them and they end up paying the official fees. This happens because they must have a certificate from the commune certifying that they really are poor. Usually when they require health care services they do not have the time to acquire this document. As a participant of FGD in Siem Reap said, *“I heard that the (health care) services are free for the poor, but for me, I never obtain free of charge services at health center as well as at a provincial hospital.”*

In addition, most FGD participants complained about the working time and morality of the health center staff. Many health centers open only in the morning from 8.00am to 11.00am and there is often a lack of staff. Additionally, many people also criticize the improper behavior of the health center staff. An FGD participant in Kampong Thom province said, *“The service fees are not expensive,*

*with costs which do not matter at all for us. Beyond the medicine, as a patient, we need care and console from the staff. In contrast, they talk to us like we are inhuman and sometimes they do not even look at us. We are now afraid to go to the health center.”*

### **Box 2.1: Health Center in Kampong Thom Province**

Kampong Thom province has 50 health centers serving 800,000 people. The number of health centers is enough in terms of quantity, but considering the geographical location between health centers, one can say that there are not enough health centers. Consequently, people who are located far from the health center find it difficult to access the health center. Hence in reality, the services provided by health centers are not sufficient for the people in the community, and thus, they have to use private health care services. This also affects the revenue of the health center as a number of patients cannot use the center’s services. For instance, only 10 percent of pregnant women give birth at the health center, whilst the rest, 90 percent, gives birth at home with the help of a traditional midwife or health center staff.

Furthermore, health center services are limited. Some necessary services such as dental services are not provided. Health centers neither offer hospitalization services nor possess ambulances for sending serious patients to the provincial hospitals. Beyond the issues mentioned above, there is a shortage of medicine, materials, and human resources. For this reason, people often go to the Javaraman VII hospital in Siem Reap province even if they have to pay more in transportation fees but the services are free of charge and the hospitality is good.

A health center chief also agreed that the health center opens only in the morning. He stated, *“I agree that my health center and some others open only in the morning. But I could not do anything more even order or punish my staff because their salary is not enough, so they need to find more income by taking official time to provide treatment service outside the health center or find another job. We could not depend on the public finance because not so many people come to the health center”*.

These issues are the result of low staff income. According to government regulation, health center staff have the right to receive 60 percent of total official fees. But this share often only accounts for a small amount, which does not allow them to sufficiently support their living expenses. Qualitative interviews with health center staff indicated that each staff received only about US\$10 per month from official fees. As a result, they have to use official working hours to earn some extra income, affecting the performance of health center services.

Participants as well as the health center’s director also mentioned issues concerning medicine and health care materials, which are both lacking and inadequate. *“If you catch a cold, headache, dizzy, or stomach ache, only Paracetamol is provided”*, said FGDs participants in Siem Reap, Kampong Thom, Battambang, Svay Rieng provinces. In addition to a shortage of medicine, medicines used are not up to standard or are out of date as many health centers are using medicine from the 1980s.



## Chapter 3

### Extent of Unofficial Fees and Its Implications

The unofficial fee payments more or less exist in all studied services. Yet, the extent of unofficial fees paid to each local service varies greatly from one to another and between areas. These differences will be elaborated in this chapter, followed by different impacts of unofficial fees on service delivery officials, communal budget and households' livelihoods.

#### 3.1. Extent of Unofficial Fees

##### 3.1.1. Commune Office Services

Civil registration services are currently the only mandatory services which possess official fees clearly determined by state regulations. These services generally relate to the issuing of the Birth Certificate, Marriage Certificate and Death Certificate for administrative record purposes.

The other services provided by the commune office to local households do not demand any official fees for two reasons. First, there exists no law or regulations clearly determining the official fees of some services. Second, some services are provided by Commune offices based on the practical habit of the local community, while the official services do not fall under the mandatory authority of the commune office but of other higher authorities.

According to the results of the survey, the actual payments made by households to each commune service generally present a high percentage compared with the official fees of the mandatory services, which are generally quite low and those of the other practical services which are considered to be free of charge.

Based on EIC data, the annual amount of unofficial fees paid to the communal administration in Cambodia is about US\$5-6 million<sup>21</sup> in addition to the current communal budget. The empirical input and the assumptions underlying this amount are described in Appendix 2. This amounts to less than 10 percent of the total annual amount of unofficial fees paid by households to all public services at all levels which amounted to around US\$66 million in 2005, based on the CSD corruption survey data<sup>22</sup>.

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<sup>21</sup> These unofficial fees cover all formal and informal services provided at the commune office to local citizens with the exception of land transfer operation services the cost of which present big gaps from commune to commune.

<sup>22</sup> CDS 2005



**Table 3.1: Official Fees and Actual Payments  
of Each Commune Service (in Riel)**

Services	Official Fees	Actual Payments	
		Urban (*)	Rural
Birth Certificate	400	5,000	5,000
Marriage Certificate	400	20,000	20,000
Death Certificate	400	7,500	5,000
Copy of Birth Certificate	2100	5,000	5,000
Copy of Marriage Certificate	5700	16,000	16,000
Copy of Death Certificate	2400	2,000	2,000
Marriage Declaration	2200	20,000	20,000
Domicile Certificate	-	10,000	7,000
Civic Personality Reference	-	5,000	5,000
Construction Permission	-	85,000	20,000
Land Possession Certification	-	50,000	28,000
Conflict Reconciliation	-	18,000	15,000
Contract Recognition	-	10,000	5,000

**Note:** (\*) including Phnom Penh and provincial town communes.

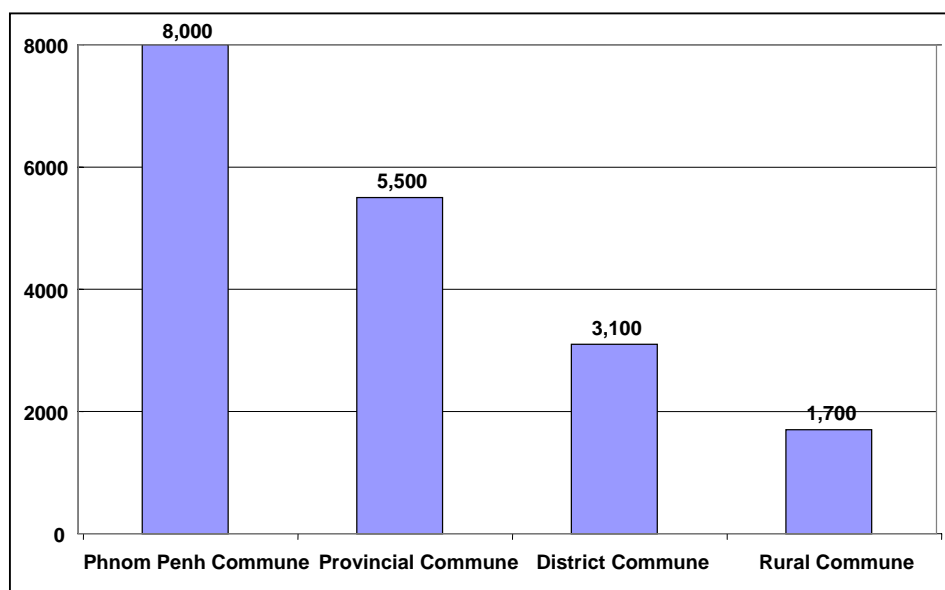
**Source:** EIC's Survey, July-August 2006.

At the macro level, the amount of unofficial fees paid to the commune offices nationwide is small, representing less than 1 percent of the total national budget, or just about 0.1 percent of the country's GDP.<sup>23</sup> However, the impact of these unofficial payments is considerable for the poor people and constitutes a great burden in the process of local service delivery in terms of efficiency, transparency and accountability.

By area, the payment of unofficial fees is generally high at the Phnom Penh commune offices and respectively declines in provincial towns, district towns and rural areas. The average annual amounts unofficially paid to each commune range from about US\$8,000 in Phnom Penh, US\$5,500 in provincial towns, US\$3,100 in district towns and down to US\$1,700 in rural areas. However, this amount of unofficial payment excludes the unofficial cost of land transfer transactions since the number of cases per commune and the amount of fees per case could not be adequately assessed.

<sup>23</sup> In 2005, Cambodia's government domestic revenue was US\$640 million (excluding US\$600 million of foreign aid), and the level of GDP was US\$6.2 billion.

**Figure 3.1: Annual Unofficial Payment per Commune (Average in US\$)**



Source: EIC's Survey, July-August 2006.

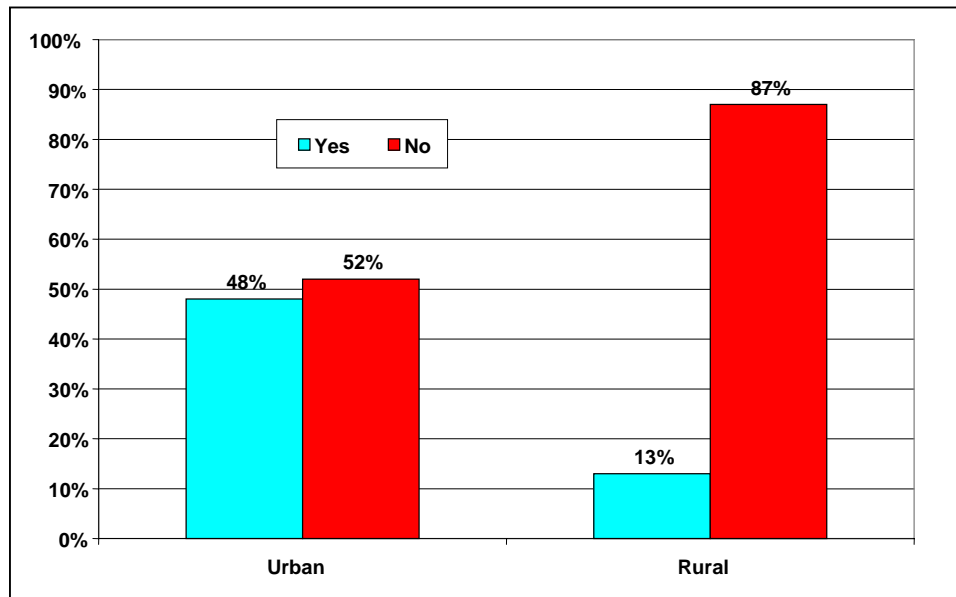
Paid as additional sources to the commune offices, unofficial fees generally did not generate any loss to the commune budget. Nevertheless, the practice of unofficial fees creates a bad image, affects people's honesty, and results in distrust towards the local governing authority.

### ***3.1.2. Unofficial Fees for Primary Schooling<sup>24</sup>***

According to government regulation, primary education is free of charge. However, from the survey's findings, unofficial fees exist within the public primary school sector, mostly occurring in Phnom Penh and provincial towns. Unofficial payments in rural primary schools seem not to occur for three main reasons. Firstly, rural families are generally poor and cannot afford unofficial fees. Secondly, rural teachers are also farmers, which provide them with additional income and food. Thirdly, the relationship between teachers and people in rural areas seems to be stronger than in urban areas due to the small population size. To confirm this point, teachers in most FGDs stated that *"Most of our pupils are very poor and not willing to go school, if we take money from them today, they will not go to school tomorrow."*

<sup>24</sup> These results for *primary schooling* are not directly comparable to the CSD 2005 results for public education which cover *everything from primary to tertiary levels*.

**Figure 3.2: Do You Need to Pay School Fees for Your Children to Study in Primary School?**



**Source:** EIC's Survey, July-August 2006.

Based on the quantitative survey's findings, about 87 percent of people living in rural areas claimed that they do not pay unofficial fees for their children to study at primary school, while only 13 percent of them said that they do. However, with the same figure, about 50 percent of people in urban areas claimed that they do pay unofficial fees for their children to study in primary schools. These results indicate that informal payments in primary school services occur mostly in urban areas where the cost of living and the ability to pay are higher.

In sum, unofficial payments in rural areas are lower than urban areas but, according to the FGDs, the quality of primary school services is quite different between these two areas. Rural teachers could not provide adequate services to the students because they have to spend almost half of their time working as farmers. They, therefore, cannot commit themselves only to teaching due to poverty. In contrast, urban teachers could provide better services compared to rural teachers because most of their income sources were unofficial fees and supplementary courses.

In urban areas, the unofficial fees, though often a small amount, were nonetheless a burden for urban households. The most frequent types of unofficial payments are:

**Table 3.2: Estimated Annual Unofficial Fees in Phnom Penh (in Riel)**

Registration and Enrollment Fees	1,200
Water and Energy Fees	2,000
Payment Required by Teacher	50,800
<b>Total</b>	<b>54,000</b>

**Source:** FGD with primary school teachers.

According to the World Bank<sup>25</sup> study, of the total estimated annual unofficial fees in Phnom Penh, shown in Table 8, represents about 43 percent of the average household expenditure on primary education<sup>26</sup> in urban areas. However, the same findings also indicate that the average household expenditure on primary education in rural areas is relatively small (about 35,000 Riel). In other words, unofficial payments for primary education are relatively low in rural areas<sup>27</sup>.

These small amounts of unofficial fees, moreover, are the main hindrance for children from poor urban families. Excluding the money needed to pay for school uniforms and other study materials, these families cannot pay for the above fees. As a result, children do not attend school, yet by law they have the right to freely access primary education. In this regard, a participant of a FGD in Phnom Penh mentioned, *“Why they [teachers] still ask pupils for money since the primary education is free of charge? Some children in my community do not have a chance to go to school because their families are poor”*. He continued, *“I agree that their salary is low, but I feel so annoyed with them. I do not know how much I am expected to pay to get my child educated”*.

In sum, unofficial fees in primary education exist mainly in urban areas where living expenses and the ability to pay are high. In contrast, unofficial payments in rural areas are relatively small but the quality of services is also proportionate because of the resulting low income of rural primary school teachers. The poor performance of public education services in rural areas negatively affects rural children who do not receive adequate services from their teachers. This leads to a large intellectual dispersion between urban and rural children.

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<sup>25</sup> CSES 2004

<sup>26</sup> Calculated based on the average household expenditure on Grade 1 and Grade 6

<sup>27</sup> Although the amounts are not directly comparable, the CSD 2005 corruption survey results confirm this finding: the rural unofficial fees for all public education are only around 15 percent of those in urban areas.

### 3.1.3. Unofficial Fees for Health Centre Services

According to an inter-ministerial Prakas, 60 percent of total service fees are given to the health center staff, 39 percent to health center expenses and 1 percent to the Government.<sup>28</sup> Thus, the more people go to health centers, the more revenue health centers gain resulting in more income for the staff. Moreover, staff can earn extra income through providing services at home such as birth delivery, injections, and injury treatment.

**Table 3.3: Selected Official Fees of Services at Health Centers (Mode, in Riel)**

Services	Urban (*)	Rural
<b>General Consultation</b>		
Child	1,000	500
Adult	1,000	500
Syphilis	3,000	1,000
Pregnancy Checkup	1,000	1,000
<b>Family Planning</b>		
Condom	1,000	1,000
Tablet	1,000	1,000
Injection	1,000	1,000
Intra-Urine-Device	10,000	5,000
<b>Injury</b>		
Small Suture	3,000	2,000
Big Suture	5,000	5,000
<b>Birth Delivery</b>		
Natural Delivery	50,000	15,000

**Note:** (\*) including Phnom Penh and provincial communes.

**Source:** EIC's Survey, July-August 2006.

<sup>28</sup> Declaration of inter-ministerial dated October 31, 2005.

Unofficial fees are not clearly visible in health centers. Reasons for this are the small scale in both operation and services fees that are generally published in most health centers. In addition, people use health center services because they cannot afford to go to a peripheral hospital or a private clinic. As an NGO based in Kampot stated, “[Unofficial fees] rarely occur because health centers just charge small amounts for services they provide and those services are also small in scale... small amounts of thank you money from some patients, we cannot say that it is unofficial fees because they are happy to offer”.

Both the avoidance of public health services and the low level of unofficial fees replicate the findings of the CSD 2005 corruption survey where only 31 percent of respondents reported contact with any public health service during the last year (as compared to 92 percent reporting contact with a private health provider) and the likelihood of a bribe payment upon contact with a public health service was only 13 percent.

### **3.2. Unofficial Fees as Salary Supplementation**

Acknowledged by the majority of interviewees, the primary reason for unofficial fees is the basic needs of public service officials. The unofficial payments thus provide important additional amounts to the current staff salary, especially for the commune officials and primary school teachers in urban areas.

#### ***3.2.1. Commune Staff***

With the total estimated unofficial fees nationwide, an equal amount of about US\$36 per month could be added to the current salaries of commune officials, which is about US\$18 per month<sup>29</sup>. However, based on the actual amount of unofficial fees received by each individual commune, the additional amounts derived from unofficial fees vary greatly from urban to rural areas.

In practice however, the amount of unofficial money is not generally subject to an equal allocation among all commune staff; in most cases, the money goes to the commune clerk and commune chief who possess main administrative authority in the commune<sup>30</sup>. Of the Commune staff directly receiving unofficial payments (Figure 4), 36 percent refers to the commune clerk and 29 percent to the commune chief or his deputy.

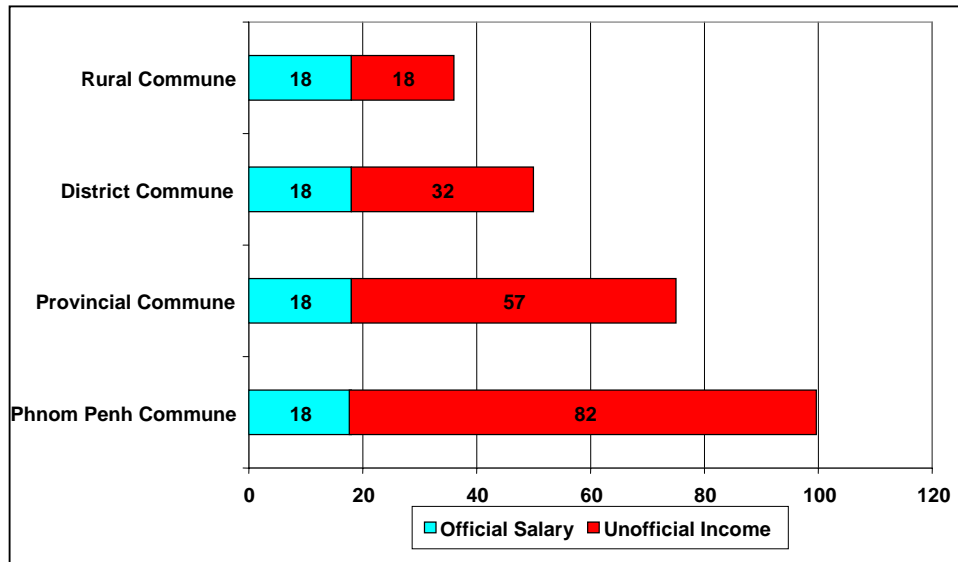
Thus in light of current salaries, unofficial fees are substantial. But there are more ways to assess the amounts involved. Concerning unofficial fees for Commune services, two additional perspectives are explored in the next section.

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<sup>29</sup> This is to indicate a salary level of commune council members and commune clerk.

<sup>30</sup> According to qualitative interviews with key local informants

**Figure 3.3: Estimated Monthly Commune Staff Incomes (Average, US\$)**



Source: EIC's Survey, July-August 2006 & Seila Task Force.

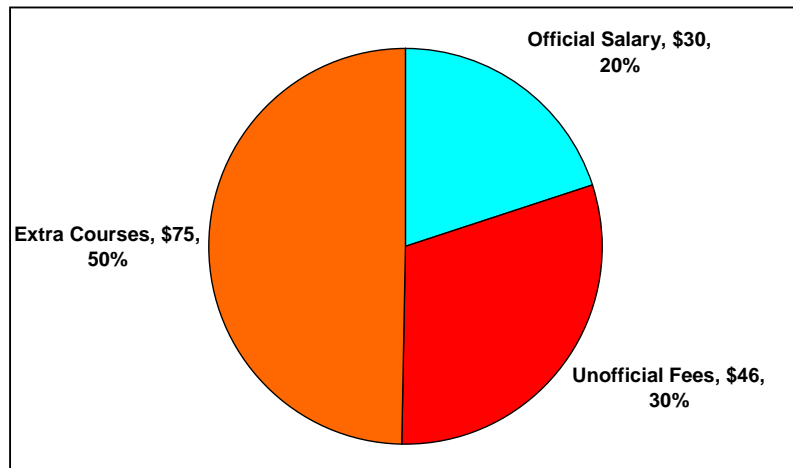
### 3.2.2. Primary School Teachers

As informal payments in primary education generally occur in urban areas such as Phnom Penh and provincial towns, Phnom Penh was used as a case study to analyze the situation of urban teachers and the reasons why unofficial fees are required. Moreover, this case study will reveal the different situation between rural teachers and urban teachers.

The total unofficial fees in primary education in Phnom Penh annually account for about US\$2 million (see Appendix 2 for how this estimate was reached). In other words, each Phnom Penh primary school teacher receives about US\$46 in monthly unofficial fees. In addition, each primary school teacher can generally earn around US\$76 per month from supplementary courses (see Appendix 2). In total, there are three main sources of income for primary school teachers in Phnom Penh: official salary, unofficial fees and supplementary courses.

According to Figure 9, the income of primary school teachers from the three main sources totals about US\$150 per month. Besides these three main sources, some primary school teachers can earn some money from additional sources such as working as motor-taxi drivers and selling food at school. In addition, it should be noted that the income from extra courses represents around 50 percent of the total income and the official salary represents only about 20 percent.

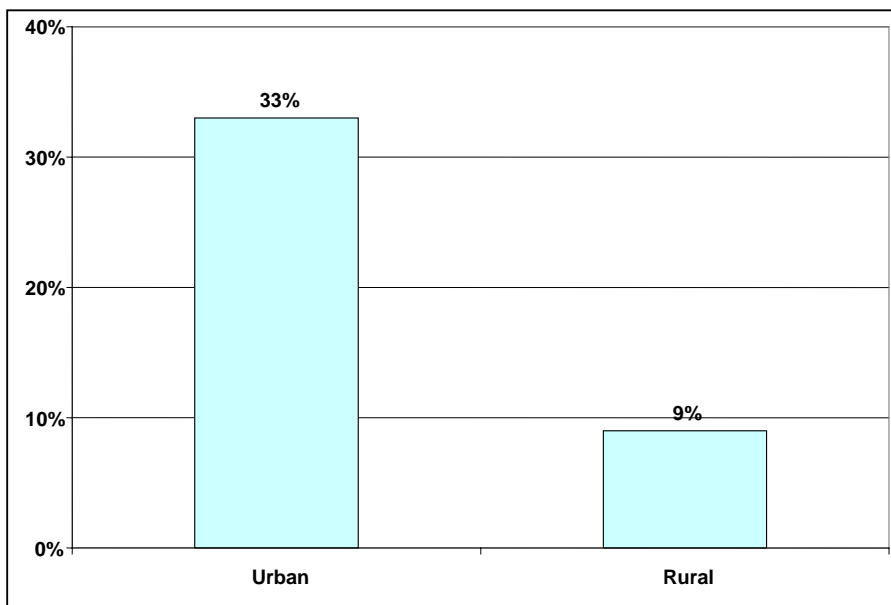
**Figure 3.4: Estimated Main Sources of Primary School Teachers' Incomes**



Source: EIC's Survey, July-August 2006.

However, the research findings also show that only 33 percent of urban teachers and 9 percent of rural teachers are able to provide supplementary courses to complement their official salary. This, therefore, highlights the crucial role played by unofficial fees and alternative sources of income.

**Figure 3.5: Percentage of Primary School Teachers Providing Extra Courses to Complement their Salaries**



Source: EIC's Survey, July-August 2006.



### 3.3. Unofficial Fees and the Communal Budget

As a decentralized government, the commune is legally entitled to three main sources of funds: own-sources revenue, transfer from the central government and local contribution from people. However, the current commune financial system greatly depends on funds transferred from the central government while the other two sources account for small amounts due to legal and practical reasons.

For the year 2006, the national transfer from central government to the 1,621 communes amounted to around US\$19 million. Of this amount, up to one-third is for administrative costs and the remainder is for local development. The average amount of funds transferred from the central government to each commune accounted for approximately US\$11,700, of which around US\$8,100 to be used for local development and US\$3,600 for operational administrative costs including staff salaries.

**Table 3.4: Estimated Annual Budget per Commune in 2006**  
(Average in US\$)

	<b>Phnom Penh</b>	<b>Provincial Town</b>	<b>District Town</b>	<b>Rural Commune</b>
<b>Transfer from the National Budget</b>	<b>11,700</b>	<b>11,700</b>	<b>11,700</b>	<b>11,700</b>
<i>Commune Staff Salary</i>	<i>1,780</i>	<i>1,780</i>	<i>1,780</i>	<i>1,780</i>
<i>Other Operational Cost</i>	<i>1,820</i>	<i>1,820</i>	<i>1,820</i>	<i>1,820</i>
<i>Local Development</i>	<i>8,100</i>	<i>8,100</i>	<i>8,100</i>	<i>8,100</i>
<b>Paid by Local Households</b>	<b>9,100</b>	<b>6,210</b>	<b>3,520</b>	<b>2,050</b>
<i>Local Development Funds</i>	<i>660</i>	<i>410</i>	<i>250</i>	<i>250</i>
<i>Official Fees</i>	<i>440</i>	<i>300</i>	<i>170</i>	<i>100</i>
<i>Unofficial Fees(*)</i>	<i>8,000</i>	<i>5,500</i>	<i>3,100</i>	<i>1,700</i>
<b>Total</b>	<b>20,800</b>	<b>17,910</b>	<b>15,220</b>	<b>13,750</b>
% of Unofficial Fees on Total Budget	38%	31%	20%	12%

**Note:** (\*) Excluding land transaction fees.

**Source:** EIC's Survey, July-August 2006 & Seila Program.

Presently, the fees collected from civil registry services form the commune's main own-source of revenue; while the current legal framework does not clearly determine which other local fees can be collected by the commune office<sup>31</sup>. These fees are mainly used to support the administrative costs of the commune. On average, the official yearly fees collected by each commune range

<sup>31</sup> According to the Ministry of Interior, other mandatory services and their fees are being prepared within the process of an organic draft law on decentralization and deconcentration (D&D) of the sub-national administrations.

from about US\$440 in Phnom Penh, US\$300 in provincial towns, US\$170 in district towns and US\$100 in rural areas.

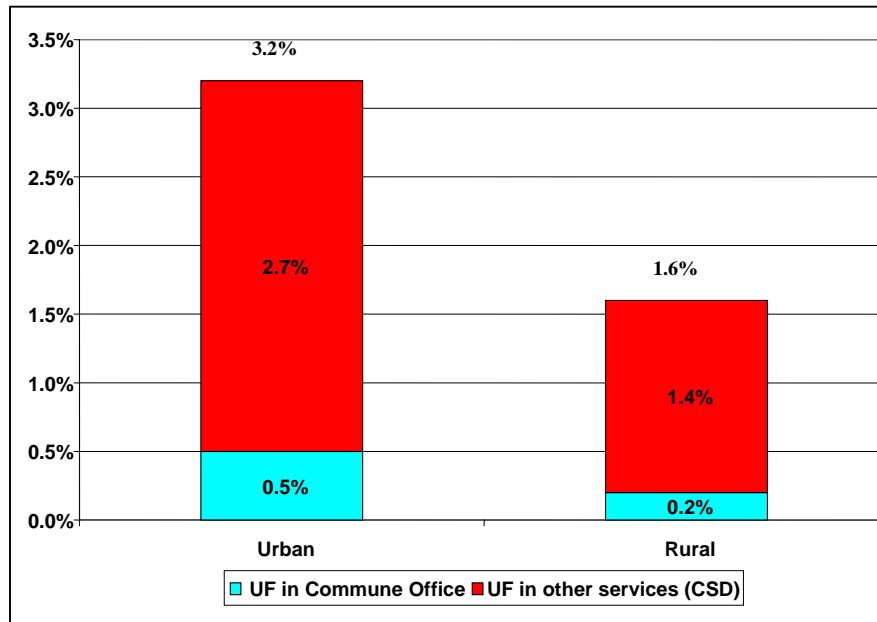
Another form of revenue, local household contributions, is generally used as supplementary funds for local development projects. The average share of local contribution funds in each development project generally represents around 8 percent for the commune in Phnom Penh, 5 percent in provincial towns and 3 percent in both district towns and rural areas.

Aside from all of these official funds, the unofficial fees represent a significant additional share if included in the whole budget of each commune. The share of unofficial fees is generally high at the Phnom Penh commune in (38 percent) and respectively declines in provincial towns (31 percent), district towns (20 percent) and rural areas (12 percent).

### 3.4. Unofficial Fees and Households' Livelihoods

Though the practice of unofficial payment is seen everywhere regarding commune services, the survey's findings in general did not find that this had a significant impact on households' livelihoods. On average, each household pays about 9,000 Riel annually to the commune office in unofficial fees. Compared to their annual expenditure, the average share of unofficial fees paid by each household varies from rural to urban areas, ranging from 0.2 percent in remote rural areas and 0.5 percent in provincial towns.

**Figure 3.6: Proportion of Unofficial Fees in the Household Expenditure**



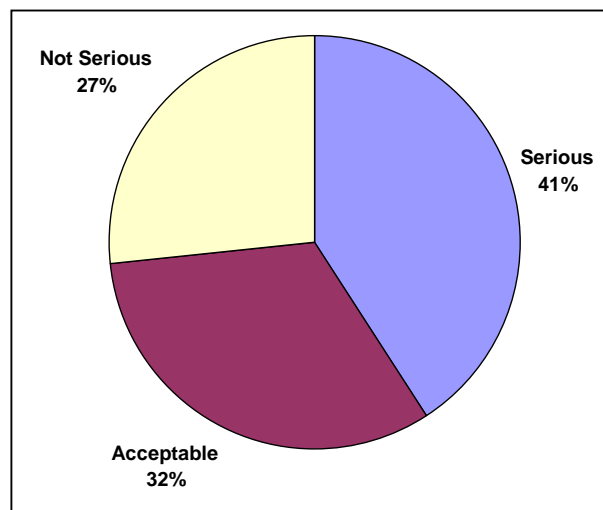
Source: EIC's Survey, July-August 2006.

The figures below show a comparison between the share of unofficial fees paid by households to the commune office (based on the results of the current study) and unofficial fees paid to the other public services (as reported in the CSD 2005 report) as proportions of households' annual expenditure.

It should be noted that the survey process was conducted during the period of civil registration campaign when all households were required to register. For this reason, the above figures would be lower during the normal period owing to lower frequency of services usages by households<sup>32</sup>.

However small the percentage of total household expenditure, this does not mean they are experienced as insignificant by households. When asked how serious they regarded payments for the three services concerning their total income, more than 40 percent answered that they thought them serious. Obviously, this includes health centre payments that are mostly official, but education and Commune office payments were near totally unofficial. Nevertheless, the reverse perspective is also interesting: nearly 60 percent answered that they thought these payments acceptable or not serious. The implications of this perspective are further explored in the next section.

**Figure 3.7: How Serious Are the Payments for the Three Local Services Compared to Households' Incomes?**



Source: EIC's Survey, July-August 2006.

<sup>32</sup> The studied services are not merely limited to the civil registry services but cover all formal and practical services provided by the commune office to households.

## Chapter 4

### Next Steps towards Efficient Local Services: Stakeholders' Suggestions

To ensure that local services will be effectively provided without unofficial payments, increasing the salaries of local staff is seen as a precondition. Once salaries are adequate, focus should be given to providing staff capacity building and developing infrastructure at the local level. Finally, legal and administrative measures such as incentive schemes, redeployment and public civil servants' retention policy should be established and effectively enforced to guarantee a proper work ethic.

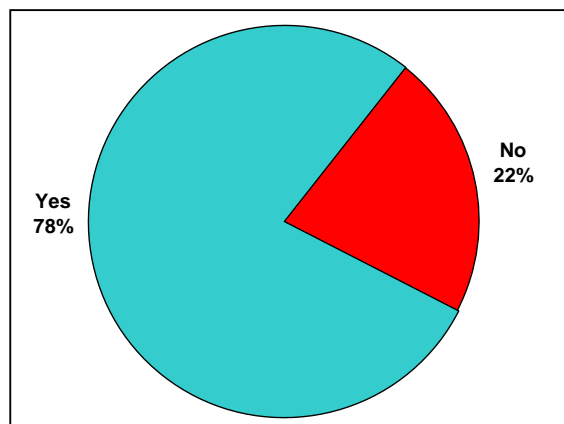
#### 4.1. Commune Office Services

##### 4.1.1. Formalizing Unofficial Fees and Increasing Staff Salaries

Answering how much salary would provide them a minimum living standard, the majority of commune officials suggested that a minimum of US\$100 per month would ensure a basic standard of living, while figures suggested ranged from US\$50 up to US\$250. Suggested amounts are generally higher in urban areas compared to rural areas.

Different suggestions were made on how to increase the salaries of commune staff. In addition concerns were commonly expressed over how the current weak financial status of the local authority can be enhanced. Overall, the suggestions raised were oriented to three main options: formalizing the unofficial fees, raising supporting funds from the national transfer and enhancing commune own-source revenues through expanded local service delivery.

**Figure 4.1: Acceptance of Households to Pay the Formalized Unofficial Fees**



Source: EIC's Survey, July-August 2006.

Formalizing unofficial fees is considered a good choice not only in order to provide additional contributions to the commune budget but also to allow the payment process and management to be more transparent. According to a local NGO in Battambang, *“Formalizing unofficial fees will lead to a fair distribution of money paid to all commune staff and not only, as what happens nowadays, to some who appear to be dominant in the commune office”*.

The majority of commune officials agreed with formalizing unofficial fees, but expressed strong concerns over whether the Government would allow the use of these fees to increase salaries. *“If we let people pay the additional fees to us, we are sure that the fees will help us to buy cigarettes or something else; but if the fees are formalized, I am not sure if the government would allow using these fees to increase our salary”*, mentioned a commune official in Pursat province.

**Table 4.1: Official Fees and Suggested Amount of Each Commune Service (in Riel)**

Services	Official Fees	Urban		Rural	
		Actual Payment	Suggested Amount	Actual Payment	Suggested Amount
Birth Certificate	400	5,000	2,200	5,000	1,000
Marriage Certificate	400	20,000	8,500	20,000	8,000
Death Certificate	400	7,500	4,000	5,000	2,600
Copy of Birth Certificate	2100	5,000	2,300	5,000	2,000
Copy of Marriage Certificate	5700	16,000	5,500	16,000	4,100
Copy of Death Certificate	2400	2000	2,000	2,000	1,700
Marriage Declaration	2200	20,000	10,000	20,000	11,700
Domicile Certificate	-	10,000	4,500	7,000	3,000
Civic Personality Reference	-	5,000	5,000	5,000	5,000
Construction Permission	-	85,000	32,000	20,000	5,000
Land Possession Certification	-	50,000	15,000	28,000	10,000
Conflict Reconciliation	-	18,000	10,000	15,000	5,000
Contract Recognition	-	10,000	10,000	5,000	5,000

**Source:** EIC’s Survey, July-August 2006.

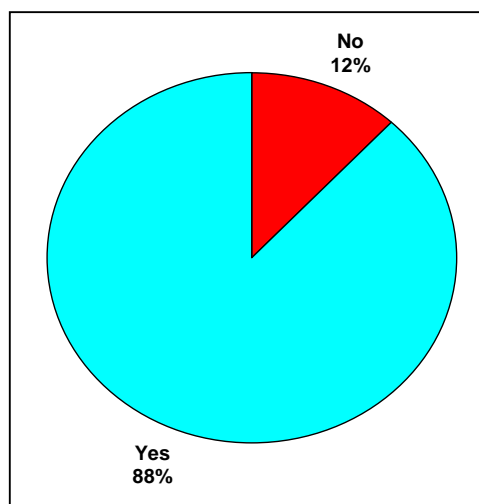
The large majority of people agreed to pay if the unofficial fees are formalized to official fees and they do not have to pay any extra fees. Confirming this, an FGD member claimed, *“Great! It is fair for all to pay the same amount and it is easier for us to prepare in advance how much to pay for each service”*. This result is correlated with the findings in Figure 1.2 with about 72 percent of respondents accepting to

pay additional fees to get faster services. In other words, the majority of people accept to pay more than current official fees for better commune services.

However, people are more cautious concerning the *amount* of fees to be formalized and suggested that the formalized fees should be set at an amount affordable for all people. Based on the suggested amounts by service users' FDGs, on average 50 percent of the actual amounts currently paid is considered an acceptable basis for a formalization process. Nonetheless, the suggested formal amounts will not be sufficient enough to support the basic needs of all staff, especially for the majority of rural communes where the frequency of services provided is generally low. On the other hand, some communes in provincial towns and Phnom Penh acknowledged that their staff would be able to have a minimum standard of living if everything is formalized.

The willingness of households to improve the quality of service delivery at the local level is not limited to the payment of the formalized unofficial fees, but also expanded to the contribution of local development. Almost 90 percent of respondents agreed to pay for the development funds of their commune. This finding replicates the results of the 2004 TAF/CAS survey on the performance of Commune Councils.

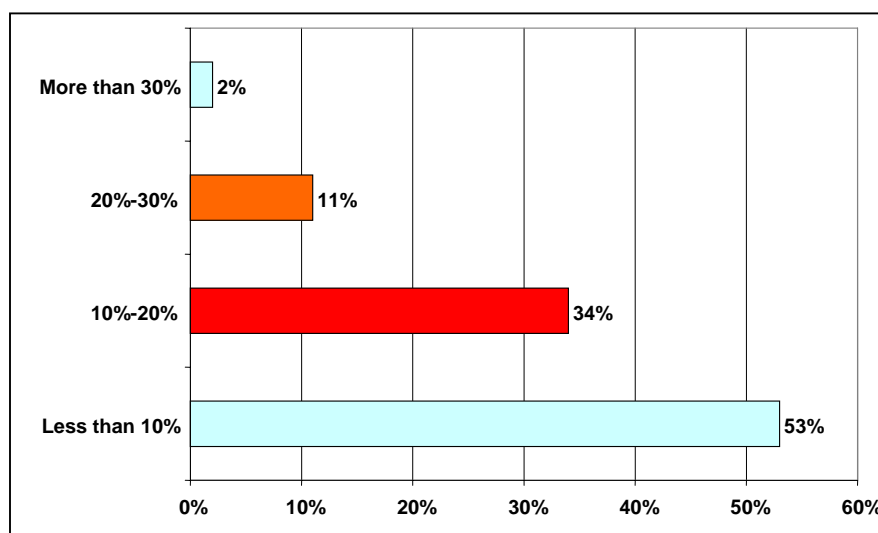
**Figure 4.2: Percentage of Households Agreeing to Contribute to Local Development**



**Source:** EIC's Survey, July-August 2006.

In addition, the survey showed that about half of respondents agreed to pay up to 10 percent of the project costs, while another one third accepted to contribute up to 20 percent. This percentage is quite higher than the actual contribution currently paid to the community development (between 3 and 8 percent of the project costs)

**Figure 4.3: Affordable Contribution of Households to Local Development**



Source: EIC's Survey, July-August 2006.

All of these indicators are important because they support the initial assumption that Cambodian citizens have sufficient confidence in this level of government to make it a promising arena for policy experiments regarding the abolition of unofficial fees. The relatively negative integrity assessment of the Commune office (see Table 3) thus does not seem to indicate a level of distrust that can be expected to prohibit public compliance with experimental effort to raise official revenue.

Nonetheless, the majority of rural communes do not believe they can live without financial support from the central government even if the other sources of revenues are provided by law in the context of decentralization and deconcentration (D&D) reform. This is mainly due to poor economic activities of their locality and the low capacity of commune staff. By contrast, a number of municipal and provincial capital town communes believe that their commune could stand even without national transfers from the central government if they were authorized to collect a number of other user fees and local taxes set in the upcoming D&D organic law.

Nevertheless, all communes believed that expanded services delivered by commune offices would provide a greater contribution to their local budget. While some urban communes believed they could independently manage all local services if allowed by law, the majority of rural communes suggested receiving technical assistance from line departments simultaneously provided with the expanded services.

The services mentioned by officials as fit for local delivery mainly relate to the economic activities around the local markets of their locality, road taxes on

motorcycles, tax on unused land and other taxes on small business operators. In their capacity as local authorities, the commune offices believed they could collect these local taxes more effectively than the higher authorities currently do.

#### ***4.1.2. Raising People's Awareness and Strengthening the Code of Ethics***

Once the commune budget becomes adequate, enabling to support the salary increase of commune staff, raising people's awareness of official fees and strengthening the code of ethics of commune officials will be applicable.

Publishing official service fees publicly at the visual reach of service users was highly recommended in all FGDs with households and in qualitative interviews with local key informants. Some commune chiefs, whose commune office already published all service fees, acknowledged the importance of information on service fees for two main reasons. Firstly, it helps make the working process run smoothly and in a timely fashion. Secondly, it helps reduce the payment of unofficial fees required by commune staff, though all interviewed officials acknowledged that their staff also received additional money generously paid by people.

All possible measures aimed at raising public awareness of official fees must be taken. To this end, experiences from health centers suggest establishing '*information notice boards*' on which the official fees of each service must be clearly published at the accessible visual reach of service users. Other additional measures can be supportive to raising people's awareness of service fees such as the production and distribution of 'price booklet', the setting up of spot shows or television programs, etc. Once the informative tools have been adequately installed, a freely accessible complaint mechanism needs to be created and implemented accordingly.

It should be particularly noted that most of the above measures have been implemented within the framework of the one-window services in two pilot districts in Battambang and Siem Reap provinces.<sup>33</sup> According to interviews with local stakeholders, this mechanism has significantly resulted in more simplified bureaucracy, both in terms of procedures and timing, and more transparency in service fees. Still, concerning the practice of unofficial payment, local-NGOs and some government officials refused to accept that the unofficial fees were absent while the salaries of district staff remain low. These results again confirm that increasing staff salaries is a precondition for the other reform measures to be effectively implemented.

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<sup>33</sup> These pilot projects are merely implemented at the district level of Battambang and Siem Reap district under the support of Konrad Adenaur-Stiftung Foundation with main objectives of simplifying administrative procedures .



In addition to all of the measures mentioned above, a code of ethics and other administrative regulations and disciplinary measures were suggested to be adequately established and strictly imposed and implemented. According to concerned local NGOs, the establishment of any code of conduct or regulations should particularly focus on how to change the habit and mindset of state officials from behaving as governing authority to acting as public service providers based on client-oriented perspectives.

## 4.2. Primary School Services

### 4.2.1. *Increasing Salaries and Enhancing the Code of Conduct*

Raising salaries and implementing an adequate code of conduct were the main suggestions from all households and teachers FGDs. Concern about daily life forces primary school teachers to take unofficial fees and/or to find other sources of income as their salary is inadequate. Consequently, they become reluctant to focus on official duties and neglect to improve the quality of their services. Increasing salaries to an adequate level would act as a deterrent for taking unofficial fees or at least significantly reduce the amount of unofficial fees. This would also be a motivating factor to deliver better services to the community.

However, increasing salaries and enforcing the code of conduct of public civil servants necessitates strong will from the Government and support from donors. Currently, the Government in cooperation with donors has made concerted efforts to increase the salaries of public civil servants and enhance their code of conduct through administrative reforms. As a result, incentive schemes have been implemented in some ministries such as Priority Mission Groups (PMG) and Merit Based Pay Initiative (MBPI). These programs, however, have not been put into effect for local civil servants.

Even though salaries have been increased, public civil servants still find it difficult to cover their living expenses due to the increase in commodity prices. In other words, one can say that the salary of public civil servants has increased but their purchasing power has in fact decreased due to the country's high inflation rate. Thus, to get rid of unofficial fees at the primary school level, the Government must substantially increase salaries.

A school principal said, *“If we want to reduce taking unofficial fees in primary school, we should increase first the standard of living of teachers. That means we should increase teachers’ salaries”*. Likewise, households FGDs in Kampong Thom believed, *“Teachers will stop 100 percent taking unofficial fees if their salary is enough because they do not possess the power but ethic and moral inside their bodies”*. *“They will pay more attention teaching children and children will respect them as the teacher, a respected name they should own.”*

#### **Box 4.1: How Much Salary Is Enough for Primary School Teachers?**

The salary of teachers currently ranges from US\$25 to US\$40 per month, which is not enough for an increasingly expensive daily life. The unofficial fees teachers take are only to support their family's daily expenses. This statement was brought up by households and confirmed by interviews with teachers, school principals, chief of health centers and NGO officers.

Increasing public officials' salaries by 15 percent annually would not be enough to survive with the economy's high inflation rate and it would take too long to reach a decent level. Asked what salary level is adequate for teachers to support daily life, the responses were similar from one area to another. The suggested salary from the majority of primary school teachers was about US\$100 per month in both urban and rural areas. With this amount, asserted basic civil servants, they would have enough to spend on basic needs such as rice, food, clothing, gasoline etc

Increasing salaries, however, is the necessary condition but not sufficient for the unofficial fees to be totally eliminated. This means that enough salary would only reduce the need to take unofficial fees. Therefore, to eliminate or substantially reduce the unofficial fees, a code of conduct and disciplinary rules should be strictly imposed and implemented. Wrong doing public servants must be punished and the hard working ones must be rewarded without exception. To reach these goals, a clear legal framework is required. Until now, the anti-corruption law has yet to be approved. This makes it hard to eliminate unofficial payments without any specified laws. Hence, the Government should make more effort to pass the anti-corruption law as there is currently a strong need for this law in order to ensure proper governance, transparency and accountability. Logically, the salary could be increased when the unofficial fees are eliminated and the national budget is enriched.

#### ***4.2.2. Linkage between the Concept of Quality and Quantity in Basic Education***

To strengthen the quality of education, both concerned NGOs and households stressed the important role played by teachers. They strongly believe that teachers are the grass root level who know and directly decide the student's qualifications. Therefore, teachers should have their own moral and ethic, and not allow unqualified students to pass to the next level if not qualified. Teachers should understand the issues facing society if children pass with unqualified results. In more serious cases, as a household mentioned, *"If teachers take money and allow pupils to pass, unavoidably, pupils will end up to be a corrupt in the future."*

Also, according to the FGDs with both households and teachers, teaching equipment is still a problem. Some teachers have to find teaching equipment themselves and sometimes they teach without any visual equipment such as reading books for pupils, pictures and proper educational objects. This lack surely affects the level of understanding of pupils and the quality of teaching. Therefore,

the Government, particularly the Ministry of Education, Youth and Sport (MoEYS), should ensure the availability of educational equipment. Moreover, the number of classrooms also needs to be expanded accordingly.

### **4.3. Health Center Services**

#### ***4.3.1. Increasing Salaries and Enhancing the Code of Conduct***

Although the government allows health centers to generate their own income, the official service fees remain very small, and could not provide enough income to support the basic needs of the staff. It is estimated that each health center staff receives just about US\$10 from these official fees per month.

Therefore, increasing salaries and strengthening the code of conduct are considered by both service users and providers as well as related local NGOs as priority tools to promote the efficiency of basic health services. *“If the salary is enough and the law is enforced, health centers will stop taking unofficial fees or neglect to do their duty because they are afraid of losing their job”* as stated by a health center director. *“The punishment for the corrupt officer would range from removal from the existing position to firing from public official position”*, said a UNICEF officer.

#### ***4.3.2. Improved Service Equipments & Capacity Building***

Service equipment plays an important role in the basic health centers, especially in rural areas. Improving service equipment for health centers would ensure the quality of service delivery. Government and concerned parties should continuously increase the amount of equipment supplied.

Old equipment should be replaced by modern equipment and there needs to be enough medicine to meet different health requirements. Extra buildings should be established to accommodate patients who may not be able to afford to go to district or provincial hospitals. Along with these improvements, some necessary extra services should be available at health centers. According to households, dental, hospitalization, eye care, and the operational birth delivery services are necessary for them and have been proposed to be installed at health centers with suitable service charges.

In addition to service equipment improvement, capacity building is also required. Basic health staff should receive suitable professional training and be constantly trained to update their knowledge and skills to meet the increasing needs of the community. The training process should be provided with particular focus on the rural areas where people generally hardly have access to information.

## Policy Recommendations and Conclusion

All three local public services investigated are seriously hampered by salaries, forcing staff to look for additional income through charging unofficial fees and/or working other jobs during the time that should be devoted to the service that employs them. The negative effects of this on the quality of the service provided, on the accessibility of the service to the poor, and on the social contract between government and its citizenry are serious.

For all three services closer involvement and more responsibility for the Commune can be expected to improve the quality of services. Indeed, in developed countries, where the education system is strong, primary education is often the direct responsibility of the local administration. However, primary education and public health require technical expertise that is as yet not available at the Commune level. This does not preclude a role for this level of government, for awareness raising, mobilization of the population, oversight and non-technical monitoring and evaluation through (participation in) management committees, etc. However, to the extent that such decentralized roles are already being piloted or otherwise explored this is normally and understandably coordinated by the provincial and district levels of the line ministries, often in coordination with non-state stakeholders like NGO-status equity fund managers for health care and international organizations in the education sector.

Thus, of the three local services the Commune administrative services hold the most promise for a policy experiment that aims at formalizing unofficial fees at this level. These services are the only ones for which the Commune Council holds direct responsibility.

As the study's results show, improving local service delivery without unofficial payments is possible, if the communes have a relevant budget to support the livelihoods of their staff and promote local development. At the macro level, the unofficial fees are small, representing less than 1 percent of the national budget, but the impacts on the poor in terms of service delivery effectiveness are considerable. Moreover, most households are willing to contribute to local development and agree to pay adequate fees for the services provided by the local authorities.

Nevertheless, formalizing unofficial fees may not be sufficient to generate the income required for Communes to provide their services to achieve livable wages and thus create the most important necessary condition for transparent and accountable service provision, especially not for rural communes. Greater financial autonomy for the commune administration through enhancing its power and capacity to collect local taxes are needed. The D&D organic law, should

transfer some tax and non-tax revenues collection to the Commune level, and establish revenue-sharing that allows for greater financial autonomy of the Commune administration. These transferred functions may include licensing small business, collecting road tax on transport means, unused land and other property transactions<sup>34</sup>. Obviously, such transfer of power is only feasible only if the overall administrative reforms and D&D reforms are coherent.

In light of the current weaknesses of Commune authorities regarding budgetary and human resources, transferring power should be done in increasing and clearly defined steps. The exploratory study provides sufficient evidence that a combination of formalizing current unofficial fees for administrative services and additional tax and non-tax revenue is in principle sufficient to create financial autonomy at a level that allows for livable civil servant wages and quality service provision. Maybe it is not the case for Communes in poor rural areas, but certainly for many urban Communes.

A well-designed policy experiment is recommended to pilot the formalization of administrative service fees and transference of certain tax and non-tax revenue collection to the Commune level. Until now, the D&D reform is Cambodia's best example of the importance of pilots: The reforms relative success is largely due to its design being grounded in the practical experiences of the CARERE/SEILA pilots. A good pilot, accompanied by a formative process review<sup>35</sup>, is the best evidence-base for effective policy that one can aim for.

However, a more comprehensive study is required to be able to design a pilot in such a way that it can generate the kind of practical knowledge that is necessary for up-scaling its innovations to progressively larger numbers of Communes. For a pilot to be well-designed it needs to be able to generate sufficient relevant knowledge about what works, under what conditions, for policy-makers to be able to make an informed next move. The objective for a follow-up study should thus be to produce a design for a pilot that specifies a number of policy innovations to be tested, preferably in different combinations to better understand their interactions, a variety of Commune conditions to be studied as contexts that make for feasibility, suggestions of actual communes for implementing the pilot, baseline requirements to ensure that the pilot has the necessary evaluative power, and an institutional design.

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<sup>34</sup> The revenues from these services can be more effectively collected by the commune office as they possess more information on who owns what in their community.

<sup>35</sup> "A formative review process review will follow the process as it unfolds and make recommendations along the way to implementing agencies about necessary changes that need to be put in place in order to reach the goal of the [policy experiment]" Rusten, C. (2005), p.24.

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Health Sector Strategic Plan 2003-2007

National Account of Cambodia 1993-2005

Cambodia Socio-Economic Survey 2004

**Appendix  
I**

**STUDY METHODOLOGY**





# Methodology

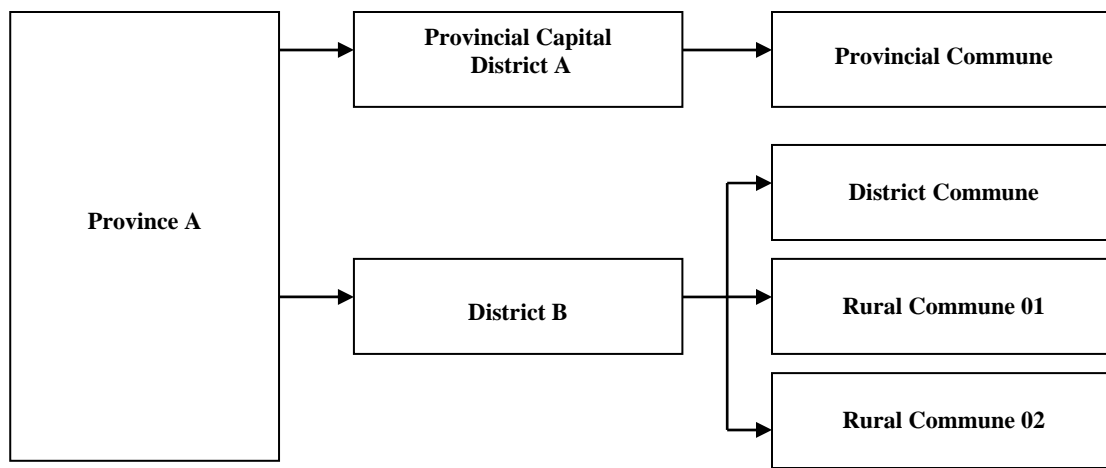
## 1.1. Literature review

A literature review was conducted of relevant research and policy documents, and laws and regulations pertaining to the topic in order to provide a general overview of the concerns surrounding official and unofficial fees for government services at the commune level. The review included other corruption assessments by institutions such as CSD, EIC, and the World Bank, and decentralization studies by TAF/CAS, CDRI, the World Bank and ADB. The lessons learned from previous research have informed the design of the study and where appropriate, tools were used for comparative purposes.

## 1.2. Sampling design

Twelve provinces and one municipality were chosen for the field survey. The selected provinces represent 80 percent of both the total population and GDP of Cambodia. Three types of communes were identified: Provincial Communes, District Communes and Rural Communes. For reasons of logistic convenience and time and budget constraints the choice of communes was limited to two districts per province. In each province, one provincial commune was chosen from the provincial capital district; district communes were chosen from the district town and within that same district another two rural communes were selected. Because around 80 percent of the total populations live in remote areas, the sample included around 44 percent rural communes.

**Figure 1.1: Commune selection method**



In general, four communes were thus selected from each province. However, in the districts of Siem Reap and Battambang, one additional commune was included for case study purposes, because in these districts the Government, with the support of *Konrad Adenaur Stiftung*, currently implements a pilot project for improving good governance in public service delivery. This report does not explore differences between the pilot communes and other communes. In total, 50 communes have been chosen for this study.

Within each commune two kinds of individuals were selected as participants in Focus Group Discussions (FGDs), respondents of a questionnaire survey, and/or individual key informant interviews: service users and service providers.

**Table 1.1: Sample Distribution of Commune**

Categories of Communes	Sample	Percentage
Provincial Commune(*)	17	34%
District Commune	11	22%
Rural Commune	22	44%
<b>Total</b>	50	100%

(\*) included 4 communes in Phnom Penh

Source: EIC's survey, July-August, 2006

Service providers in this case were commune council members, health center staff, and primary school teachers. Service users were members from normal households. Service users and primary school teachers participated in a FGD and filled a survey questionnaire; while commune council members only participated in a FGD but did not fill a questionnaire, and health centre staff were interviewed individually. In addition to these two service provider groups, a variety of other key informants was interviewed such as district governors, primary school principals, and some NGOs staff.

### 1.2.1 Service Users: FGD and questionnaire

Prior to the interviews, EIC's advance team (AT) played an important role in searching for at least four local recruiters, i.e. primary school teachers, who live in the targeted commune and who were considered being able to select participants for the FGD that met the strict criteria set by EIC's research team. Households were preferably selected from different villages, and diversity in terms of socio-economic status and gender balance were aimed for. Respondents were selected upon their knowledge about his/her family service use, especially the three local services under investigation, and including the fees required. Respondents were preferably over 25 years old.

**Table 1.2: Characteristic of Respondents by Sex**

Sex	Service users	Percentage	Teachers	Percentage	Total	Percentage
Male	383	45%	158	47%	541	45%
Female	476	55%	179	53%	655	55%
<b>Total</b>	859	100%	337	100%	1196	100%

Source: EIC's survey, July-August, 2006

### 1.2.2. Primary school teachers: FGD and questionnaires

The selection of primary school teachers, health centre staff and commune Council members was determined by availability. To avoid a possible situation of domination, school principles and deputy school principles were not selected for participation in FGD.

Tables 2 and 3 show the composition of the study population, for which there are FGD transcripts as well as quantitative questionnaire results.

**Table 1.3: Sample size by commune**

Type of Commune	Service users		Teachers	
	Sample	Percentage	Sample	Percentage
Provincial Commune	270	31.4%	116	34.4%
District Commune	190	22.1%	82	24.3%
Rural Commune	399	46.5%	139	41.3%
<b>Total</b>	859	100%	337	100%

Source: EIC's survey, July-August, 2006

In Table 3 above, the sample size for the provincial communes is bigger than that of the district communes. This is caused by the decision to label all four communes in Phnom Penh as provincial communes due to their similarity in living standards and by the fact of two additional pilot communes was chosen.

### 1.2.3. Commune Council members: only FGD

In general, commune councils have 5, 7, 9 and 11 members depending on population size. The Commune Council FGD had at least 5 participants to ensure a

variety of opinions. As a result, a total of around 300 Commune Council members participated in FGD.

#### **1.2.4. Other key informants: individual interviews**

In each province about 20 key informants were individually interviewed including 8 school directors (*4 school principles and 4 deputy school principles*), 8 health center staff, and another 4 district office staff (*2 district governors and 2 deputy district governors*). In total, around 240 key informants were interviewed.

### **1.3. Methods used**

Considering the great variety of service sectors included, Focus Group Discussions were chosen as the main research method for two main reasons. Purposeful selection of FGD participants ensured experience of the interviewees with the targeted services. Also, the method may help consolidate answers on particular issues and provide background information on the reasons for outlying answers, i.e. answers diverging widely from the average answer. Four FGD were conducted in each commune: two FGDs with households, one with the local authorities and the other one with primary school teachers.

FGD of service users generally consisted of 8 to 9 people. FGD with primary school teachers had 6 to 7 participants. After the FGD, all the FGD's participants of the service users' and the primary school teachers' groups individually completed a closed questions' questionnaire in order to allow for a quantification of the responses received in the FGD. The individual questionnaire also offered the respondents an opportunity to express opinions that they might not have been willing to share in public. Respondents filled the questionnaires on their own if they were able to do so. If help was needed, the questionnaire was conducted as an interview by an EIC's team member.

Individual interviews with key informants were added for triangulation purposes and because one may expect that they are able to provide some valuable recommendations and suggestions for improving the quality of the three public services.

### **1.4. Instruments used**

Different FGD schedules were designed for the three specific groups of respondents above. The FGD questionnaires for service users and primary school teachers were comprised of three main parts: Commune/Sangkat services, primary school services and health center services. The FGD schedule for Commune/Sangkat councils focused on the Commune/Sangkat services, including official fees and the frequency of service usage, as well as local development after the Commune/Sangkat

election in 2002. See Appendix III for the FGD schedules, the survey instruments for service users and primary school teachers and the interview schedules of the different types of key informants.

## **1.5. Quality Control**

### **1.5.1. Data collector Training**

Before the pre-test, one week of training was organized for the enumerators. The objective of this training was firstly to familiarize EIC's research team with the format of the questionnaire and ensure the good understanding of each question. The second objective was to improve the communication skills of each team member, especially the advance team, for the purpose of building a good relationship with all stakeholders and facilitating the data collection process. The last objective of this training was to ensure the quality of the collected data by providing some techniques for dealing with difficult respondents to EIC's interview team.

### **1.5.2. Pre-Test**

Four communes located in Phnom Penh and Kandal were chosen to conduct a pre-test. The purpose of this pre-test was:

- To verify the accuracy and adequacy of the survey questions.
- To check the understanding of the respondents on each survey question and on the instruction of the interviewers.
- To test the efficiency of the techniques for dealing with some difficult respondents and some critical questions.
- To determine the time necessary for the interview and identify the interviewer's and interviewee's difficulties.

After the pre-test study, an internal meeting was held to discuss the pre-test study result and reorganize and modify the structure and the survey questions based on the lessons learned.

### **1.5.3. Use of screening questionnaire**

A screening questionnaire was used for two groups of respondents: service users and primary school teachers. The objective of this screening was to reduce the number of difficult participants, particularly participants who never experienced the three public services by scanning each respondent through the criteria set by EIC's research team. Double screening methods were used: Firstly, the advance team chose

local recruiters and explained the selection criteria of the participants. Each selected respondent is required to fill the screening questionnaire. Secondly, the questionnaires were collected by the advance team and the respondents were rescanned again by the interview team.

#### **1.5.4. Data Entry and Cleaning**

The data entry templates were made by EIC's research team, the actual entry was done by data entry staff. There are four stages of the data cleaning process. First, in the field, team managers and supervisors checked and verified the accuracy and the consistency of the questionnaires. When the questionnaires were incomplete or inconsistent, the EIC team explained the questions and asked respondents to refill the questionnaire. Second, while entering the data, research assistants checked again for inaccuracy and inconsistency from question to question. Third, the data was cleaned by the researchers and the outliers were eliminated through scientific methodologies. Fourth, research assistants went back to the field to verify the inconsistent data related to the frequency of each service provided by commune offices and health centers.

**Appendix  
II**

**ESTIMATING TOTAL  
ANNUAL AMOUNTS OF  
UNOFFICIAL FEES**





## Estimating total annual amounts of unofficial fees

### 2.1. Unofficial Fees for public services

The estimated unofficial payments for public services at all levels were calculated based on the following formula. In this case, gifts given to receive public services are considered as informal payments.

$$TUF = \alpha * \beta$$

- $TUF$  = Total unofficial fees
- $\alpha$  = Weighted average of unofficial fees yearly paid for commune services (**Source:** CSD, Living Under the Rule of Corruption, 2005)
- $\beta$  = Total number of households (**Source:** National Institute of Statistics)

**Table 2.1: Official fees and unofficial fees yearly paid by households**

Public Services	Official Fees (US\$)	Unofficial Fees (US\$)	Gifts (US\$)	Total Unofficial Fees (million US\$)	Percentage of Total
Public Education	73.5	13	1	36.8	56.0%
Judge/Courts	3.5	3.5	-	9.2	14.0%
Traffic Police	0.5	2.5	-	6.6	10.0%
Police excluding traffic police	0.5	2.5	-	6.6	10.0%
Customs	0.5	1.0	-	2.6	4.0%
Public Health Services	8.0	0.5	-	1.3	2.0%
Public Registry	2.0	0.5	-	1.3	2.0%
Land Administration	1.0	0.5	-	1.3	2.0%
Business Licensing	1.0	-	-	-	-
Construction Permit	0.5	-	-	-	-
Public Electricity Services	25.0	-	-	-	-
Water	14.5	-	-	-	-
<b>Total</b>	<b>130.5</b>	<b>24</b>	<b>1</b>	<b>65.6</b>	<b>100.0%</b>

**Source:** CSD and NIS

## 2.2. Unofficial Fees for Commune services

### 2.2.1. Unofficial Fees in each type of commune

In this study, the average unofficial fees paid by households in each type of commune: were separately calculated for Phnom Penh, provincial, district and rural commune. For each category of commune, the official fees for some services and the annual frequency of all services provided were established through FGD of commune councilors. Average actual payments for all services were determined in FGD of service users and for services with official fees; these official fees were subtracted from the actual payments to arrive at average unofficial payments. Furthermore, the total unofficial fees in each commune were estimated as following:

$$TUF C = \sum_{i=1}^n \alpha_i * \beta_i$$

- $TUF C$  = The estimated total unofficial fees for commune services in each type of commune.
- $\alpha_i$  = Weighted average unofficial fees of each commune service (**Source:** EIC's survey, July-August, 2006)
- $\beta_i$  = The annual frequency of each commune service usage (**Source:** EIC's survey, July-August, 2006)

Based on this formula, the research finding indicated that the total estimated annual unofficial fees respectively accounted for about US\$8,000 in Phnom Penh, US\$5,500 in provincial commune, US\$3,100 in district commune and US\$1,700 in rural commune.

To provide a global view of unofficial payments for commune services, the total annual unofficial fees for commune services nationwide were estimated by the formula below:

$$TUFNW = \alpha_1 * \beta_1$$

- $TUFNW$  = Total unofficial fees nationwide.
- $\alpha_1$  = Weighted average unofficial fees annually paid by households for commune service in each commune (Source: EIC's survey, July-August, 2006)
- $\beta_1$  = Total number of communes (**Source:** Seila Task Force)

According to the formula above, the total unofficial fees for commune services nationwide reached about US\$5.6 million. This calculation excluded the unofficial payments for the land transactions at the commune level.

## 2.3. Unofficial Fees at Primary Education

### 2.3.1. Unofficial Fees: Case Study in Phnom Penh

To estimate the contribution of unofficial fees to primary school teachers' salary in *Phnom Penh* the results of Table 2.2 were used. The following hypothesis is set to make a scenario analysis:

**Hypothesis:** “All the teachers require their pupils to pay the three categories of unofficial fees in the Table 2.2 above and all the pupils accept to pay those fees”.

**Table 2.2: Estimated Annual Unofficial Fees in Phnom Penh (Riel)**

Registration and Enrollment Fees	1,200
Water and Energy Fees	2,000
Payment Required by Teacher	50,800
<b>Total</b>	<b>54,000</b>

**Source:** EIC's survey, July-August, 2006

Total unofficial fees in this case are calculated as following:

$$TUFPE = \alpha_2 * \beta_2$$

- $TUFPE$  = Total unofficial fees in primary education (Phnom Penh case study).
- $\alpha_2$  = Weighted average unofficial fees annually paid by households for primary education services in Phnom Penh (Source: EIC's survey, July-August, 2006)
- $\beta_2$  = Total number of primary school students in Phnom Penh (**Source:** Ministry of Education, Youth and Sport)

With this formula and hypothesis, the total unofficial fees for primary education services represented about US\$2 million. In other words, about US\$46 was received monthly by each primary school teacher.

### 2.3.2. Primary school teacher's income from supplementary courses

To estimate primary school teachers' income from extra courses, data from primary school teacher interviews in Phnom Penh was used. To make a scenario analysis, a hypothesis is set as below:

**Hypothesis:** “All the teachers are able to provide extra courses and all the pupils are able to attend the course.

Total income from extra courses is calculated as following:

$$TI = \alpha_3 * \beta_3$$

- $TI$  = Total income from extra course.
- $\alpha_3$  = Average extra course fees per hours paid by pupils (Source: interviewed with primary school teachers)
- $\beta_3$  = Total number of students (*Source: Ministry of Education, Youth and Sport*)

With this hypothesis, the findings indicated that about US\$75 was received monthly by each primary school teacher.

**Appendix  
III**

**SURVEY QUESTIONNAIRES**



## **Study on Local Demand and Public Service Delivery Questionnaire for Households**

The Economic Institute of Cambodia (EIC) has been undertaking a study on Local Demand and Public Service Delivery. Under the auspices of DANIDA and PACT-Cambodia, the EIC's research team will conduct interview with 200 focus groups of key stakeholders comprising of around 1,500 people who have experience in dealing with public services at the commune level. In particular, the key stakeholders are commune councils, households, and primary school teachers in 50 communes of 12 provinces and municipality, including Banteay Meanchey, Battambang, Kampong Cham, Kampong Speu, Kampong Thom, Kampot, Kandal, Pursat, Prey Veng, Siem Reap, Svay Rieng and Phnom Penh.

The main objectives of the study is to assess the current practices and the real needs for basic public services at commune level, including local administrative, primary school and basic health services. From these findings, the ultimate goal and long term perspective of this research is to identify the adequate scope of public services provided by local authorities in the economic and social context of their communities.

**Information obtained here will be treated strictly  
anonymously and confidentially.**



**I. Commune Services**

**01. How do you observe the development of your commune after the Commune/Sangkat election in 2002?**

- Much better than before
- Better than before
- Same as before
- Worse than before
- Much worse than before

**02. Are you aware of the local contribution fund?**

- Yes
- No (please skip to the question 03)

**02.1. In case you are aware and have taken part, how much did you contribute?**

.....Riel For.....Year.....  
.....Riel For.....Year.....  
.....Riel For.....Year.....

**03. Are you happy to contribute?**

- Yes
- No

**03.1. If not happy, please specify your reasons**

- It is too expensive compared to the income of my family
- These development projects are not so profitable to me and my family
- The management of the collected funds is not reliable
- Commune/Sangkat councils required me to pay
- Others

**04. If a development project is designed in response to the needs of your commune and that 50% of the project cost will be required by every household in your commune, are you willing to contribute?**

- Yes
- No

**04.1. If no, how many percent would it be affordable for you?**

- Less than 10%
- From 10% to 20%
- From 20% to 30%
- From 30% to 40%
- From 40% to 50%

**04.2. Based on your current situation, what is the maximum amount that you are able to contribute to each project?**

.....Riel

**05. How do you evaluate the performance of services provided by your commune office?**

- Very effective
- Effective
- Sometime effective and sometime not
- Not effective
- Not effective at all

**06. On average, how much does your family spend on commune services per year?**

.....Riel/year

**07. Are you usually aware of the official fees when using those services?**

- Always
- Sometimes
- Never

**08. Do you know if the fees you paid are official or unofficial?**

- Official
- Unofficial
- Official and unofficial
- Don't know

**09. In general, whom do people pay these unofficial fees to? (More than one answer possible)**

- Commune Chief/Deputy Chief
- Commune Clerk
- Commune office staff
- Middleman
- Others .....

**10. In your opinion, for what purpose do commune staff use these unofficial fees?**

- To support daily expenses of their family
- To satisfy their senior official to maintain/promote their position
- To use for entertainment purpose
- To contribute to their political party
- Others.....

**11. Are you aware if there is a procedure to submit a complaint or suggestion on the improvement of the commune activities?**

- Yes
- No (please skip to the question 12)

**11.1. In case you are aware, have you ever used the complaint mechanism?**

- Yes
- No

**11.1.1. If “Yes”, how well has it worked?**

- Very badly
- Badly
- Well
- Very well

**11.1.2. If “No”, please provide the reason:**

- Because you did not have a reason to complain
- Because you dare not to complain
- Other .....

**12. In general, has the Commune office informed you in advance about the duration of obtaining your requested services?**

- Always
- Sometimes
- Never

**13. If they informed you, are the services delivered on time, as promised?**

- Yes
- No

**13.1. If no, how many days are they late?**

.....Days

**14. To obtain the faster service, do you accept to pay additional unofficial fees?**

Yes

No

**15. In your opinion, what do you think about the process of asking for commune services?**

Easy

Difficult

**II. Health Center Services**

**16. In general, how do you evaluate the performance of the services provided by the health center?**

Very effective

Effective

Sometime effective and sometime not

Not effective

Not effective at all

**17. On average, how much do you spend on health care services per month?**

.....Riel/month

**18. Are you usually aware of the official fees when using those services?**

Always

Sometimes

Never

**19. Do you know if the fees you paid are official or unofficial?**

Official

Unofficial

Official and unofficial

Don't know

**20. In your opinion, for what purpose do health center staff use these unofficial fees?**

- To support daily expenses of their family
- To satisfy their senior official to maintain/promote their position
- To use for entertainment purpose
- To contribute to their political party
- Others.....

**21. Are you aware if there is a procedure to submit complaints if you feel you have been treated unfairly?**

- Yes
- No

**21.1. In case you are aware, have you ever used the complaint mechanism?**

- Yes
- No

**21.1.1. If “Yes”, how well has it worked?**

- Very badly
- Badly
- Well
- Very well

**21.1.2. If “No”, please provide the reason:**

- Because you did not have a reason to complain
- Because you dare not to complain
- Other .....

### **III. Primary school services**

**22. In general, how do you evaluate the performance of services provided by primary school?**

- Very effective
- Effective
- Sometime effective and sometime not
- Not effective
- Not effective at all

**23. Do you need to pay school fees for your children to study at the primary school?**

- Yes
- No

**24. If “Yes”, do you know if the fees you paid are official or unofficial?**

- Official
- Unofficial
- Official and unofficial
- Don't know

**25. If yes, whom do you pay to?** (More than one answer possible)

- School principle
- Teachers
- Office staffs
- Others .....

**26. If yes, how much do you spend on average per month?**

.....Riel/month

**27. In your opinion, for what purpose do primary school teachers use these unofficial fees?**

- To support daily expenses of their family
- To satisfy their senior official to maintain/promote their position
- To use for entertainment purpose
- To contribute to their political party
- Others.....

**28. Are you aware if there is procedure to submit complaints if you feel you have been treated unfairly?**

- Yes
- No

**28.1. In case you are aware, have you ever used the complaint mechanism?**

- Yes
- No

**28.1.1. If “Yes”, how well has it worked?**

- Very badly
- Badly
- Well
- Very well

**28.1.2. If “No”, please provide the reason:**

- Because you did not have a reason to complain
- Because you dare not to complain
- Other .....

**IV- General Perception**

**29. On average, how much does your family earn per month?**

.....Riel/\$

**30. On average, how much does your family spend per month?**

.....Riel/\$

**31. Do you find the payment for three public services above serious compared to your income?**

- Very serious
- Serious
- Acceptable
- Not serious
- Not serious at all

**32. Knowing that you have to pay unofficial fees, do you agree if unofficial fees are formalized to official fees and that you do not have to pay any additional fees?**

- Agree
- Disagree

## **Study on Local Demand and Public Service Delivery**

### **Questionnaire for School Teachers**

The Economic Institute of Cambodia (EIC) has been undertaking a study on Local Demand and Public Service Delivery. Under the auspices of DANIDA and PACT-Cambodia, EIC's research team will conduct interviews with 200 focus groups of key stakeholders comprising of around 1,500 people who have experience in dealing with public services at the commune level. In particular, the key stakeholders are commune councils, households, and primary school teachers in 50 communes of 12 provinces and municipality, including Banteay Meanchey, Battambang, Kampong Cham, Kampong Speu, Kampong Thom, Kampot, Kandal, Pursat, Prey Veng, Siem Reap, Svay Rieng and Phnom Penh.

The main objectives of the study is to assess the current practices and the real needs for basic public services at the commune level, including local administrative, primary school and basic health services. From these findings, the ultimate goal and long term perspective of this research is to identify an adequate scope of public services provided by local authorities in the economic and social context of their communities.

**Information obtained here will be treated strictly  
anonymously and confidentially.**



**I. Commune Services**

**01. How do you observe the development of your commune after the Commune/Sangkat election in 2002?**

- Much better than before
- Better than before
- Same as before
- Worse than before
- Much worse than before

**02. Are you aware of the local contribution fund?**

- Yes
- No (please skip to the question 03)

**02.1. In case you are aware and taken part, how much did you contribute?**

.....Riel For .....Year.....  
.....Riel For .....Year.....  
.....Riel For .....Year.....

**03. Are you happy to contribute?**

- Yes
- No

**03.1. If you are not happy, please specify your reasons**

- It is too expensive compared to the income of my family
- These development projects are not so profitable to me and my family
- The management of the collected funds is not reliable
- Commune/Sangkat councils required me to pay
- Others

**04. If a development project is designed in response to the needs of your commune and that 50 percent of the project cost will be required by every household of your commune, are you willing to contribute?**

- Yes
- No

**04.1. If no, how many percent would be affordable for you?**

- Less than 10%
- From 10% to 20%
- From 20% to 30%
- From 30% to 40%
- From 40% to 50%

**04.2. Based on your current situation, what is the maximum amount you are able to contribute to each project?**

.....Riel

**05. How do you evaluate the performance of services provided by your commune office?**

- Very effective
- Effective
- Sometime effective and sometime not
- Not effective
- Not effective at all

**06. On average, how much does your family spend on commune services per year?**

.....Riel/year

**07. Are you usually aware of the official fees when using those services?**

- Always
- Sometimes
- Never

**08. Do you know if the fees you paid are official or unofficial?**

- Official
- Unofficial
- Official and unofficial
- Don't know

**09. In general, whom do people pay these unofficial fees to? (More than one answer possible)**

- Commune Chief/Deputy Chief
- Commune Clerk
- Commune office staff
- Middleman
- Others .....

**10. In your opinion, for what purposes do commune staff use these unofficial fees?**

- To support the daily expenses of their family
- To satisfy their senior official to maintain/promote their position
- To use for entertainment purpose
- To contribute to their political party
- Others.....

**11. Are you aware if there are procedures to submit a complaint or suggestion for the improvement of commune activities?**

- Yes
- No (please skip to the question 12)

**11.1. In case you are aware, have you ever used the complaint mechanism?**

- Yes
- No

**11.1.1. If “Yes”, how well has it worked?**

- Very badly
- Badly
- Well
- Very well

**11.1.2. If “No”, please provide the reason:**

- Because you did not have a reason to complain
- Because you dare not to complain
- Other .....

**12. In general, has the commune office informed you in advance about the duration of obtaining your requested services?**

- Always
- Sometimes
- Never

**13. If they informed you, are their services provided on time, according to their promise?**

- Yes
- No

**13.1. If no, how many days are they late?**

.....Days

**14. To obtain the faster service, do you accept to pay the additional unofficial fees?**

Yes

No

**15. In your opinion, what do you think about the process of receiving the commune services?**

Easy

Difficult

**II. Health Center Services**

**16. In general, how do you evaluate the performance of the services provided by the health center?**

Very effective

Effective

Sometime effective and sometime not

Not effective

Not effective at all

**17. On average, how much do you spend on health care services per month?**

.....Riel/month

**18. Are you usually aware of the official fees when using those services?**

Always

Sometimes

Never

**19. Do you know if the fees you paid are official or unofficial?**

Official

Unofficial

Official and unofficial

Don't know

**20. From your opinion, for what purpose do health center staff use these unofficial fees?**

- To support daily expenses of their family
- To satisfy their senior official to maintain/promote their position
- To use for entertainment purpose
- To contribute to their political party
- Others.....

**21. Are you aware if there is procedure to submit a complaint if you feel you have been treated unfairly?**

- Yes
- No

**21.1. In case you are aware, have you ever used the complaint mechanism?**

- Yes
- No

**21.1.1. If “Yes”, how well has it worked?**

- Very badly
- Badly
- Well
- Very well

**21.1.2. If “No”, please provide the reason:**

- Because you did not have a reason to complain
- Because you dare not to complain
- Other .....

**III. Primary school services**

**22. How do you evaluate the performance of the services provided by your primary school?**

- Very effective
- Effective
- Sometime effective and sometime not
- Not effective
- Not effective at all

**23. Do your pupils have to pay for primary school fees?**

- Yes
- No

**24. Is your current salary sufficient to cover your family's daily expenses?**

- Yes
- No

**01.1. If "No", how could you cover your family's expense?**

- Providing supplementary course
- Working part time at home or in other organization
- My family members also work
- Required the pupils to pay daily or monthly
- Selling in class document to the pupils
- Others: .....

**25. How much do you think the salary of the primary school staff should be?**

- School principle ..... Riel
- Teacher ..... Riel
- Administrative staff ..... Riel

**26. Is there any procedure for the citizen to submit a complaint or suggestion concerning school activities?**

- Yes (such as:.....)
- No

**27. If yes, have people ever used that procedure?**

- Yes
- No

**27.1. If "Yes", how well has it worked?**

- Very badly
- Badly
- Well
- Very well

**27.2. How many times on average has it been used annually?**

.....Times

**28. In case where teachers in some schools require unofficial fees from service users, for what purpose do you think the money is used?**

- To support daily expense of their family
- To satisfy their senior official to maintain/promote their position
- To use for entertainment purpose
- To contribute to their political party
- Others.....

## **Study on Local Demand and Public Service Delivery**

### **Questionnaire for Households (FGD)**

The Economic Institute of Cambodia (EIC) has been undertaking a study on Local Demand and Public Service Delivery. Under the auspices of DANIDA and PACT-Cambodia, the EIC's research team will conduct interview with 200 focus groups of key stakeholders comprising of around 1,500 people who have experience in dealing with public services at the commune level. In particular, the key stakeholders are commune councils, households, and primary school teachers in 50 communes of 12 provinces and municipality, including Banteay Meanchey, Battambang, Kampong Cham, Kampong Speu, Kampong Thom, Kampot, Kandal, Pursat, Prey Veng, Siem Reap, Svay Rieng and Phnom Penh.

The main objectives of the study is to assess the current practices and the real needs for basic public services at commune level, including local administrative, primary school and basic health services. From these findings, the ultimate goal and long term perspective of this research is to identify adequate scope of public services provided by local authorities in the economic and social context of their communities.

**Information obtained here will be treated strictly**  
**Anonymously and confidentially.**



**I. Commune Services**

**01. To your observation, what are the main achievements of the local development projects implemented by the commune?**

**02. Are you satisfied with those achievements made?**

If “No”, please specify your reasons: .....

**03. What other development projects do you expect to have implemented in your commune?**

**04. Please fill in the following table:**

No.	Services	(1) Amount Paid (Riel/\$)	(2) Frequency Per Month	(3) Amount Suggested (Riel/\$)
1	Birth certificate			
2	Marriage certificate			
3	Death certificate			
4	Copy of birth certificate			
5	Copy of marriage certificate			
6	Copy of death certificate			
7	Marriage declaration			
8	Domicile certificate			
9	Civic personality reference			
10	Construction permission			
11	Land possession certification			
12	Conflict reconciliation			
13	Contract recognition			
14	Others:			
15	Others:			
16	Others:			
17	Others:			

**05. Are official fees published at the commune office?**

**06. In your opinion, why do people pay unofficial fees to the commune staff?**

**07. Based on your opinion, why do commune staff ask for unofficial fees?**

08. If their salary were to be sufficient, do you think that they will stop asking for unofficial fees?

09. Are services currently provided by the commune office sufficient for your local community needs?

09.1. If no, what additional services do you want to be in existence? And why?

- Vehicle taxes
- Immobilization taxes

.....

10. In general, how is the land price in your commune?

Price per hectare:.....

11. General size of land sold/bought and transfer possession costs? (specify the standard measure)

	A1	A2	A3	A4	A5	A6	A7	A8	A9
Size of land									
Transfer possession cost									

12. How would you recommend improving the citizen’s participation in the commune’s activities?

**II. Primary school services**

13. Do you think that the primary school service is adequate to the number of children in your community? (Ex., number of classroom, teachers, administrative service staff, etc.)

13.1. If “No”, how would you recommend for further improvement?

Please fill up the following table

No.	Services	(1) Amount Paid (Riel/\$)	(2) Frequency Per Month	(3) Amount Suggested Riel/\$)
1	Enrollment fees			
2	In class document fee			
3	Payment required by teacher			
4	Water & Energy Fees			
5	Others:			
6	Others:			
7	Others:			

14. Based on your opinion, why do people pay unofficial fees to primary school staff?
15. In your opinion, why do teachers in some schools require unofficial fees from service users?
16. If their salary were to be sufficient, do you think that they will stop asking for unofficial fees from the service users?
17. Do you have any recommendations to improve the primary school services?

## II. Health Center Services

18. Are there sufficient health centers for the people living in your commune?

18.1. If no, please specify the reasons

19. Please fill in the following table

No	Services	(1) Amount Paid (Riel/\$)	(2) Frequency	(3) Amount Suggested (Riel/\$)
<b>External consultation</b>				
1	Child			
2	Adult			
3	Syphilis/Pregnancy checkup			
<b>Family planning</b>				
6	Tablet			
7	Injection			
8	Intra-urine device			
<b>Dental treatment</b>				
10	General treatment			
11	Filling			
12	Extraction of milk teeth			
13	Extraction of adult teeth			
<b>Injury</b>				
14	Small suture			
15	Big suture			
16	Surgery			
18	Injury clean-up			
<b>Hospitalization</b>				
19	Adult			
20	Child			
21	Tuberculosis			
<b>Birth delivery</b>				
22	Natural delivery			
23	Operation delivery			
24	Other:			

20. Do you think that these services are sufficient for the needs of your community?

If “No”, what extra services do you expect to have provided at the health center?

21. Are official fees published at the health center?

22. According to you, why do people still pay health care fees if they know that the fees include unofficial fees?

23. In your opinion, why do health center staffs ask for unofficial fees from the service users?

24. If their salary is enough, do you think that they will stop asking for unofficial fees?

25. Do you have any recommendation to improve the health center services? Why?

#### IV- General Perception

26. Knowing that you have to pay unofficial fees, do you agree if unofficial fees are formalized to official fees and that you do not have to pay any additional fees?

27. Do you have any suggestions on how to reduce unofficial payments in the local public services?



## **Study on Local Demand and Public Service Delivery**

### **Questionnaire for School Teachers (FGD)**

The Economic Institute of Cambodia (EIC) has been undertaking a study on Local Demand and Public Service Delivery. Under the auspices of DANIDA and PACT-Cambodia, EIC's research team will conduct interviews with 200 focus groups of key stakeholders comprising of around 1,500 people who have experience in dealing with public services at the commune level. In particular, the key stakeholders are commune councils, households, and primary school teachers in 50 communes of 12 provinces and municipality, including Banteay Meanchey, Battambang, Kampong Cham, Kampong Speu, Kampong Thom, Kampot, Kandal, Pursat, Prey Veng, Siem Reap, Svay Rieng and Phnom Penh.

The main objectives of the study is to assess the current practices and the real needs for basic public services at the commune level, including local administrative, primary school and basic health services. From these findings, the ultimate goal and long term perspective of this research is to identify an adequate scope of public services provided by local authorities in the economic and social context of their communities.

**Information obtained here will be treated strictly  
anonymously and confidentially.**

**I. Primary school services**

- 01. Do you think that your primary school service is adequate to the number of children in your community? (Ex., number of classrooms, teachers, administrative service staff, etc.)
  - 01.1. If “No”, what would you recommend for further improvement and why?
- 02. At present, what is the involvement of the commune/Sangkat office in the primary education?
- 03. Do you think commune councils should get more involved?
- 04. If “Yes”, what duties do you think the commune offices should have?
- 05. In your opinion, why do teachers in some schools require unofficial fees from service users?
- 06. If their salary was sufficient, do you think that they would stop asking for unofficial fees from service users? And if they cannot stop, how would you deal with it?
- 07. How would you recommend improving citizen’s participation in the school activities?
- 08. Do you have any recommendations to cut down the unofficial fees and improve your school services?

**II. Commune Services**

- 09. To your observation, what are the main achievements of the local development projects implemented by the commune?
- 10. Are you satisfied with the achievements made?
  - If “No”, please specify your reasons: .....
- 11. What other development projects do you expect to have implemented in your commune?

**12. Please fill in the following table:**

No	Services	(1) Amount Paid (Riel/\$)	(2) Frequency Per Month	(3) Amount Suggested (Riel/\$)
1	Birth certificate			
2	Marriage certificate			
3	Death certificate			
4	Copy of birth certificate			
5	Copy of marriage certificate			
6	Copy of death certificate			
7	Marriage declaration			
8	Domicile certificate			
9	Civic personality reference			
10	Construction permission			
11	Land possession certification			
12	Conflict reconciliation			
13	Contract recognition			
14	Others:			

**13. Are official fees published at the commune office?**

**14. In your opinion, why do people pay unofficial fees to the commune staff?**

**15. Based on your opinion, why do commune staffs ask for unofficial fees?**

**16. If their salary was sufficient, do you think that they will stop asking for unofficial fees?**

**17. Are services currently provided by the commune office sufficient for your local community needs?**

**17.1. If no, what additional services do you want to be in existence? And why?**

- Vehicle taxes
- Immobilization taxes

.....

**18. In general, how is the land price in your commune?**

**Price per hectare:** .....



19. General size of land sold/bought and transfer possession costs (specify the standard measure)

	A1	A2	A3	A4	A5	A6	A7	A8	A9
Size of land									
Transfer possession cost									

20. How would you recommend improving citizen participation in commune activities?

II. Health Center Services

21. Are there sufficient health centers for the people living in your commune?

21.1. If no, please specify the reasons

22. Please fill in the following table

No	Services	(1) Amount Paid (Riel/\$)	(2) Frequency	(3) Amount Suggested (Riel/\$)
<b>External consultation</b>				
1	Child			
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<b>Family planning</b>				
6	Tablet			
7	Injection			
8	Intra-urine device			
<b>Dental treatment</b>				
10	General treatment			
11	Filling			
12	Extraction of milk teeth			
13	Extraction of adult teeth			
<b>Injury</b>				
14	Small suture			
15	Big suture			
16	Surgery			
18	Injury clean-up			

No	Services	(1) Amount Paid (Riel/\$)	(2) Frequency	(3) Amount Suggested (Riel/\$)
<b>Hospitalization</b>				
19	Adult			
20	Child			
21	Tuberculosis			
<b>Birth delivery</b>				
22	Natural delivery			
23	Operation delivery			
24	Other:			

23. Do you think that these services are sufficient for the needs of your community?

If “No”, what extra services do you expect to have provided at the health center?

24. Are official fees published at the health center?

25. According to you, why do people still pay health care fees if they know that the fees include unofficial fees?

26. In your opinion, why do health center staffs ask for unofficial fees from service users?

27. If their salary was enough, do you think that they will stop asking for unofficial fees?

28. Do you have any recommendations to improve the health center services? Why?

#### IV- General Perception

29. Knowing that you have to pay unofficial fees, do you agree if unofficial fees are formalized to official fees and that you do not have to pay any additional fees?

30. Do you have any suggestions on how to reduce unofficial payments in the local public services?



## **Study on Local Demand and Public Service Delivery**

### **Questionnaire for Commune Councils (FGD)**

The Economic Institute of Cambodia (EIC) has been undertaking a study on Local Demand and Public Service Delivery. Under the auspices of DANIDA and PACT-Cambodia, the EIC's research team will conduct interview with 200 focus groups of key stakeholders comprising of around 1,500 people who have experience in dealing with public services at the commune level. In particular, the key stakeholders are commune councils, households, and primary school teachers in 50 communes of 12 provinces and municipality, including Banteay Meanchey, Battambang, Kampong Cham, Kampong Speu, Kampong Thom, Kampot, Kandal, Pursat, Prey Veng, Siem Reap, Svay Rieng and Phnom Penh.

The main objectives of the study is to assess the current practices and the real needs for basic public services at commune level, including local administrative, primary school and basic health services. From these findings, the ultimate goal and long term perspective of this research is to identify adequate scope of public services provided by local authorities in the economic and social context of their communities.

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anonymously and confidentially.**

**I. Commune Services**

- 01. How many Commune/Sangkat staff do you have?**
- 02. How do you observe the development of your commune after the implantation of the decentralization system in 2002?**
- 03. How effective is the service performance currently delivered at your commune office?**
- 04. What are the main obstacles your commune currently faced?**
- 05. What are the sources of funds of your commune?**
- 06. Do you find these funds sufficient for supporting your commune activities?**
  - 06.1. If “No”, please specify your reasons: .....**
- 07. How much budget do you get from the central government annually? And, how many percentage of the budget is used for development project and administrative operation?**
  - ..... Riel/\$: ..... % for development project
  - ..... % for salary and other supports
  - ..... % for administrative operation
- 08. In general, does your commune meet any problems in accessing to the budget transferred?**
  - 08.1. If “Yes”, what are the main problems?**
- 09. And, how would you suggest avoiding those problems?**
- 10. Up to present, does your commune have any own sources of revenue?**

**11. Please fill up the following table**

No	Services	Fees (Riel/\$)	Frequency of service usage last year	Suggested Fees (Riel/\$)	Duration
1	Birth certificate				
2	Marriage certificate				
3	Death certificate				
4	Certificate certifying				
5	Marriage declaration				
6	Domicile certificate				
7	Civic personality reference				
8	ID card				
9	Family record book				
10	Land possession certification				
11	Construction permission				
12	Conflict reconciliation				
13	Ceremony permission				
14	Contract recognition				
15	Others:				
16	Others:				
17	Others:				

**12. Are official fees published at the commune office?**

**13. Do you think people usually aware of the official fees when accessing to those services?**

**14. Up to present, what are the main achievements of the local development projects implemented by your commune?**

**15. What other development projects do you find important for the actual needs of your commune? And please specify the reasons.**

**16. On average, what is the current share of households' contribution to the commune development project?**

Around ..... %

**17. Based on the current economic status of your community, do you think affordable for households to contribute 50% of the development project cost?**

**17.1. If "No", please specify the reasons: .....**

**17.2. And, how much do you think it would be affordable for households to contribute to each project?**

- From 0% to 10%
- From 10% to 20%
- From 20% to 30%
- From 30% to 40%
- From 40% to 50%

**18. Are there any procedures for the citizen to submit a complaint or suggestion on the commune activities?**

**19. Have people ever used those procedures?**

**19.1. If “Yes”, how well has it worked?**

**19.2. And, how many times on average has it been used annually?**

\_\_\_\_\_ Times

**20. Does your commune/Sangkat require people to pay the additional fees on the requested services?**

**21. In case where some communes require unofficial fees from service users, for what purpose do you think the money is used?**

**22. Is your current salary sufficient enough to cover your family’s daily expense?**

**22.1. If “No”, how could you cover your family’s expense?**

**23. How much do you think the salary of the commune staff should be?**

- 1) Commune Council members \_\_\_\_\_ Riel
- 2) Commune administrative staff \_\_\_\_\_ Riel
- 3) Others \_\_\_\_\_ Riel

**24. If the salary of the commune staff is enough, do you think that they will stop asking for unofficial fees?**

**If no, how would you suggest cutting down this attitude?**

**25. If allowed by law, what other services do you think your commune could perform in order to generate own sources of revenue?**

**26. If the Government allows each commune to collect the tax on vehicle, do you think, Commune/Sangkat is able to collect this kind of tax? Why?**

**27. How many motorbikes do people in your commune have?**

28. How many cases of selling and buying land in your commune last year?  
What is the total size of land sold? And what is the average size of land sold  
in each case?

Case: .....

Total size: .....

29. How would you recommend improving the citizen's participation in the  
commune's activities?

30. Do you have any suggestions on how to reduce unofficial payments in the  
local public services?



