

PROPOSED GRANT ASSISTANCE
(Financed by the Japan Fund For Poverty Reduction)

TO THE

KINGDOM OF CAMBODIA

FOR THE

**TARGETED ASSISTANCE FOR EDUCATION OF POOR GIRLS AND
INDIGENOUS CHILDREN**

**To be implemented in conjunction with the
Education Sector Development Program, Loans 1864-CAM and 1865-CAM**

October 2002

CURRENCY EQUIVALENTS

(as of 18 October 2002)

Currency Unit	–	riel
KR1.00	=	\$0.0002607
\$1.00	=	KR3,835.00

ABBREVIATIONS

ADB	–	Asian Development Bank
ESDP	–	Education Sector Development Program
ESSP	–	Education Sector Support Program
JFPR	–	Japan Fund for Poverty Reduction
KAPE	–	Kampuchea Association for Primary Education
LMC	–	local management committee
MOEYS	–	Ministry of Education, Youth and Sports
NGO	–	nongovernment organization
PAP	–	priority action program
PMU	–	project management unit
UNICEF	–	United Nations Children's Fund
WFP	–	United Nations World Food Programme

NOTES

- (i) The fiscal year (FY) of the Government ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

This Report was prepared by a team consisting of G. Forsberg, Principal Education Specialist, RSAN (Team Leader); J. Hakim, Urban Development Specialist, MKSS; A. Bauer, Sr. Economist (Poverty Reduction), RSPR; B. Frielink, Sr. Programs Officer, MKOC; and K. Emzita, Counsel, OGC.

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I. INTRODUCTION

1. The Asian Development Bank (ADB) approved two pro-poor Education Sector Development Program (ESDP)¹ loans for Cambodia, in December 2001, to support the Government's overall Education Sector Strategy, 2001-2005, and the Education Sector Support Program (ESSP). The Government included in its recurrent budget a targeted assistance program for equitable access under the ESSP, but it has no experience in implementing such programs. During processing of the ESDP in 2001, the Government requested ADB support, through the Japan Fund for Poverty Reduction (JFPR), for targeted assistance for the education of poor girls and indigenous children. The proposed JFPR Project will enhance the poverty reduction objective of the ESDP by assisting the Ministry of Education, Youth and Sports (MOEYS) in preparing and pilot testing scholarship programs to promote equitable access to lower secondary school (grades 7-9) for girls from rural poor families, and for children from ethnic minority groups. The Project framework is in Appendix 1.

II. BACKGROUND AND RATIONALE

2. Cambodia's struggle to rebuild comes after 30 years of civil strife and warfare, including the devastating Khmer Rouge period. Life expectancy is only 56 years; infant mortality stands at 93 per 1,000 live births; maternal mortality rates are among the highest in Asia; and Cambodia is facing the most serious documented HIV/AIDS² epidemic in the region, with an adult prevalence rate of around 3%. Ranked 121st of 162 countries in the United Nations Development Programme's 2001 Human Development Index, Cambodia's annual per capita gross domestic product is about \$290. Almost 90% of the poor live in rural areas where access to basic services is difficult. The rate of poverty is higher in rural areas (40%) than in Phnom Penh (10%). Poverty is strongly associated with, among others, the high costs of education for the rural poor and is a major constraint to the level of education they can achieve.

3. The Government has achieved significant expansion of primary education in the past decade, with an overall net enrollment rate of 84% for boys and 81% for girls. Primary education enrolls the largest proportion of poor, where the gender gap is smallest. For secondary education, the enrollment rate drops drastically to 17% for boys and 14% for girls. Thirty-eight percent of students at the lower secondary level (grades 7-9) come from the richest quintile, whereas only 8% come from the poorest quintile. At the upper secondary level (grades 10-12), the figure falls to around 2%.³ There are no children from the poorest families at the tertiary education level. This is due to the prevailing financing system for education, which relies heavily on formal and informal parental contributions. For primary education, the contributions are around \$10–\$20 per annum per child, but this drastically increases to around \$50–\$60 per annum per child for secondary education. The figures are even higher in the remote provinces and districts.

4. Gender parity for enrollment in grade 6 is much higher than in grade 7 in all provinces, and representation among girls is, without exception, lower in all provinces. The participation of poor girls falls dramatically at the secondary education level due to a number of social and cultural factors, such as the tradition of families to rely on girls for household tasks once they reach adolescence. Another constraint, especially in districts with scattered secondary-age population, is the shortage of school transportation and lodging facilities. Traveling distance of

¹ ADB. 2001. *Report and Recommendation of the President to the Board of Directors on a Proposed Education Sector Development Program (ESDP)*. Manila.

² HIV/AIDS = human immunodeficiency virus/acquired immunodeficiency syndrome.

³ Ministry of Education, Youth and Sports. 2001. *Education and Management Information System*. Cambodia.

more than 5 kilometers to lower or upper secondary schools is considered an access barrier. Furthermore, many rural areas do not have secondary schools.

5. Girls among both Khmer and hill tribe families in the Northeast are highly prone to drop out, but those from minority families seem to face additional constraints to access education. These constraints include attitudinal factors regarding the importance of education for girls, which is strongly linked to financial concerns for the direct cost of education, and under-representation in secondary school, which goes far beyond distance concerns and lack of school facilities. Focus group discussions with parents and teachers also highlighted opportunity cost as a major impediment. This is linked with late enrollment patterns at around age 10, when a child's labor becomes more valuable. Parental attitudes favor education of boys rather than girls, and prevailing social norms encourage early marriage. Despite diverse stakeholder opinions about ways and means to increase access to education, there exist coherent views that argue for interventions based on consultations with local communities.

6. The Government's education priority is to ensure equitable access and quality improvement for 9 years of basic education (i.e., primary and lower secondary education) by 2010, and education for all by 2015. ADB is assisting this agenda through loans and technical assistance for reforming and improving the education sector.⁴ The ESDP loans are comprehensive and poverty oriented. The EDSP aims to improve the overall education system by increasing equitable access to education services, improving quality and efficiency of the sector, enhancing managerial capacity at all levels, decentralizing service delivery, and improving local ownership of the education sector.

7. The proposed JFPR Project is specifically designed to pilot approaches that complement the ESDP counterpart loans in two respects. First, although the broad ESDP policy focuses on equitable access to basic education (e.g., through development of new facilities in poor rural communes), there is no specific targeting mechanism for the poor, particularly girls and ethnic minorities, which is a major thrust of the JFPR Project. Second, the JFPR Project will incorporate specific policies or programs for decentralization of the management of such programs by communities, school management committees, and the recently established commune councils, which are not specifically provided in the ESDP loans. The JFPR Project will further provide the opportunity to pilot test potential policy and program initiatives in these areas, including mechanisms for incorporating lessons learned into future, nationwide policy implementation.

8. Another innovation under the JFPR Project will be to pilot nongovernment organization (NGO) and MOEYS partnerships in the design, implementation, and monitoring of education programs. The proposed NGO involvement, including United Nations Children's Fund (UNICEF) support for capacity building for NGOs to provide technical support and monitoring, will provide an opportunity to assess the potential for increased NGO involvement in sector planning and implementation. Consequently, the JFPR Project incorporates mechanisms for joint assessment of the cost-effectiveness of NGO partnerships.

9. The Government has introduced a priority action program (PAP) mechanism to ensure recurrent financing of education priority strategies. One of the priority strategies is to gradually introduce targeted assistance programs for the rural poor, particularly girls and children of ethnic minorities, for grades 4-12. The programs will be poverty indexed, and will comprise merit-

⁴ This includes the Education Sector Development Program (Loans 1864-CAM[SF] and 1865-CAM[SF]), and Secondary Education Investment Plan and Performance Management in the Educator Sector (TA 3858-CAM).

driven scholarship schemes, with community involvement in student selection, management, and monitoring. Since Cambodia has very limited experience with such scholarship schemes, the Government has decided to delay recurrent financing of the targeted assistance programs until tests of various education models that allow these poor target groups to access education are conducted.

10. The proposed JFPR Project will pilot test targeted assistance for education of poor girls and ethnic minority children that address the cost and socio-cultural constraints facing these groups to access lower secondary education. The JFPR Project will also assist the Government by demonstrating appropriate models, organizational structures, and institutional mechanisms that draw upon resources of local communities.

III. THE PROPOSED JFPR PROJECT

A. Purpose and Objectives

11. The long-term goal of the JFPR Project is to help reduce poverty in Cambodia, by enhancing ongoing, pro-poor education reform processes. The purpose of the JFPR Project is to explore ways of improving equity and increasing access for and retention of poor girls and children of ethnic minorities in lower secondary education. The immediate objectives of the JFPR Project are to (i) increase the awareness of the prevailing economic, social, and cultural inequalities and biases against girls and indigenous children among relevant stakeholders in MOEYS, the private sector, and the communes; (ii) build the capacity of central, provincial, district, and community level institutions to set up mechanisms to administer and monitor scholarship programs; (iii) pilot test community-managed scholarship programs at selected lower secondary schools; and (iv) disseminate the lessons learned from the JFPR Project for replication and facilitate policy dialogue between the Government and civil society within the general education system of Cambodia.

B. Methodology and Key Activities

12. The JFPR Project has four main components:

13. **Community Mobilization.** The JFPR Project will, through NGOs, promote awareness of the importance of girls' and indigenous children's education, and mobilize parents of poor households and indigenous communities to participate in setting up local management committees (LMCs). The establishment of LMCs will be formalized by district or provincial offices of education, whichever is most appropriate for the selected lower secondary school. The establishment of LMCs will include committee structure and membership, quotas that demand adequate female representation, and a clear division of labor. Committee membership will include cluster school heads, the heads of parent associations (or if these do not exist, school support committees at the primary and secondary levels), a representative from the village development committee (where applicable), female teachers at the secondary school, mothers, and the director of the secondary school. A commune council role for oversight and monitoring at the grassroots level is also anticipated. LMCs will be responsible for administering the program, including responding to dropouts through home visits, conducting parent orientations, reviewing complaints about the selection process, sensitizing parents to the needs of children, and meeting regularly with beneficiaries regarding the progress of the program and problems encountered. Each committee will be provided with a basic operating budget that covers the cost of travel for monitoring and attendance of meetings, as well as remuneration for

data collection, regular reporting, and other tasks. The draft composition and duties for LMCs are in Appendix 2.

14. **Capacity Building for Scholarship Programs.** Capacity building at the national level will be focused on MOEYS. Activities will include the development of organization and staffing structures, work plans, staff development assessment guidelines, and logistical structures. Organizations such as the United Nations World Food Programme (WFP) and UNICEF will also play a major role in developing the institutional capacity of MOEYS to administer national targeted assistance programs throughout the country, including locating all coordination functions in a project management unit (PMU) at the Directorate General of Education.

15. Capacity building requirements for LMCs will build upon NGO experience and other pro-poor programs in the country. Because of the prominent role to be played by local communities and schools in the selection of candidates, NGOs will provide training support to LMCs, to include the recently formed NGO Education Partnership, and those with community development experience. Training topics will include, among others, (i) coverage of operational guidelines governing task work to be carried out by committees; (ii) objective use of selection criteria; (iii) use of operational guidelines for effective management and financial transfer mechanisms; (iv) development and use of financial transfer, management, and reporting systems at the community/school level; and (v) development and use of guidelines for program impact and performance monitoring.

16. **Pilot Testing of Scholarship Programs.** The JFPR Project will provide seed capital to establish targeted assistance programs in selected lower secondary schools. This will help cover the direct costs of education for girls enrolling in grades 7-9, for an average period of three years. The scholarship program will not only cover newly enrolled girls, but will also give the opportunity to poor girls who are already enrolled in lower secondary school but may risk dropout due to high costs. Special scholarships will be offered to ethnic minority children to cover the extra costs for board and lodging, where appropriate. The assistance program will reach an estimated 15,000 beneficiaries, of whom about 95% will be girls. The selection process used in the targeted assistance program will be the responsibility of the LMCs, as outlined in Appendix 2.

17. Criteria used for candidate selection will fall under four categories: (i) poverty and socioeconomic status, (ii) risk of dropout, (iii) distance to school, and (iv) parental attitudes towards education. Appendix 3 provides details on the proposed selection criteria for candidates eligible for a scholarship. After selection is completed, parents of the selected students will be asked to sign formal contracts that set out the conditions for assistance, and possible consequences should the scholarships provided not be used for the direct educational expenses of their children (Appendix 4).

18. To contribute to the sustainability of the local scholarship program and to increase civic responsibility and solidarity in the communities, an additional \$1 equivalent contribution for a scholarship fund will be asked from all students enrolling in grades 7-9, every school year. The community contributions will be managed by the LMC concerned and deposited in the LMC's scholarship program account. Additional fundraising activities will be encouraged and organized by the LMCs. The main contribution to sustainability will come from the MOEYS recurrent budget for the scholarship program under the ESSP, once mechanisms have been pilot tested.

19. **Dissemination of Experiences and Policy Dialogue.** The lessons learned from the JFPR Project will provide opportunities for replication as well as policy dialogue among the

various stakeholders and national level policymakers. Appraisal and analysis of the lessons learned and dissemination of the experience will be through (i) participatory research and appraisal processes with the beneficiaries and stakeholders; (ii) workshops, seminars, and a conference; and (iii) the Internet, video, and publications.

C. Cost and Financing

20. The total project cost is estimated at \$3.5 million equivalent, of which \$3.0 million equivalent will be through JFPR funding on a grant basis. The balance will be provided by the Government, NGOs, UNICEF and other aid agencies, and the communities concerned. The cost estimate is in Appendix 5; the cost breakdown of the scholarship fund is in Appendix 6.

D. Implementation Arrangements

1. Executing and Implementing Agencies

21. The Executing Agency of the JFPR Project will be MOEYS, which is responsible for formulating national education policies and strategies. MOEYS is also the Executing Agency for the ESDP and has established a steering committee for the ESDP that will also provide general policy guidance, oversee JFPR project activities, facilitate coordination with the local government and other targeted assistance programs, and approve the project implementation manual together with the annual work plans and budgets. Implementing agencies will be NGOs, LMCs, community-based organizations, and school-parent committees for the community mobilization component; and an independent organization for the impact assessment. The PMU will be responsible for overall project coordination, administration, and technical backstopping, as well as disseminating lessons learned. The overall organizational structure is in Appendix 7.

22. The PMU for the entire targeted assistance and scholarship programs of MOEYS will be cofinanced by JFPR, MOEYS, UNICEF, and other aid agencies. The PMU will be attached to the Directorate General of Education of MOEYS. To ensure participation and cooperation from both the primary and secondary education subsectors during project implementation, the PMU will be constituted to reflect an interdepartmental administrative design. Interdepartmental cooperation will be essential to ensure involvement of primary schools in candidate identification and selection, and of secondary schools in ongoing management of the scholarship program. Overall project management will comprise (i) project coordination, administration, and monitoring; (ii) workshops and seminars with key government officials to mainstream the experiences from the pilot project in education policy; and (iii) independent impact assessment.

2. Flow of Funds, Procurement, and Consulting Services

23. ADB will, through the Ministry of Economy and Finance, make transfer payments directly to the JFPR imprest account held by the PMU at a commercial bank satisfactory to ADB. Financial disbursements will be channeled directly to LMCs' accounts, either through the Association of Cambodian Local Economic Development Agencies or other banking facilities. LMCs will make periodic withdrawals from accounts to make payments to beneficiaries, as well as to cover their administrative expenses. They will further be required to keep proper accounts and provide reports to existing budget management centers at the provincial and district levels, which will be responsible for monitoring cash disbursements. LMCs will receive training in accounting and financial liquidation by contracted NGOs to enable them to perform their duties in an accountable and transparent manner. Payment to the NGOs will be made from the imprest account held by the PMU in accordance with the approved work plan and contracts. The

statement of expenditures procedure will be applied for all payments under \$10,000 to ensure speedy project implementation. Detailed implementation arrangements will be made with the Government in a separate letter of agreement. For funds flow arrangements, see Appendix 8.

24. **Procurement and Consulting Services.** Any procurement under the JFPR Project will be undertaken according to ADB's *Guidelines for Procurement*. Contract packages costing up to \$10,000 will be awarded by the PMU, while those above \$10,000 will need prior clearance from ADB. Consultants will be recruited in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB on the engagement of domestic consultants. NGOs will be selected and engaged by the PMU.

3. Linkages and Cooperation

25. **Link with the Education Sector Development Program.** The JFPR Project will be implemented in conjunction with the MOEYS Education Strategic Plan 2001-2005, which is supported by the ESDP and ESSP. Under the policy agenda of the ESDP (policy area 2.c), MOEYS will provide a budget for merit-driven scholarships to poor children. The JFPR Project will pilot-test the scholarship program, including targeting, project design, and institutional arrangements for supporting two major groups disadvantaged under the current educational system, namely, poor girls and indigenous children. Results and lessons learned from the Project will then be incorporated to scale up the pilot project, under a recurrent budget-financed scheme, beginning in FY 2004.

26. **Link with Other Externally Financed Programs.** The JFPR Project will also collaborate with other aid agencies, either through involvement in implementing the equitable access strategy, or assistance in improving equitable access in their future programs. The Government of Japan and the European Union are already assisting with grassroots community school construction. The Swedish International Development Agency and UNICEF are assisting MOEYS with capacity building of management and monitoring systems at the provincial, district, and school levels. The NGO community is preparing a new partnership strategy for their role in implementing the Education Strategic Plan. Redda Barnen, Norway, is implementing a basic education project in Siem Reap, funded through a grant from the Japan Social Development Fund and administered by the World Bank, which focuses on improving the quality of basic learning and education facilities. The JFPR Project will help both donors and MOEYS in providing lessons for expansion to reach more poor students, and through them their families.

27. The school feeding program supported by WFP has successfully used food security as a means of stimulating school enrollment for the poor. As far as possible, the JFPR Project will be geographically linked to the WFP and the United States Agency for International Development-supported school feeding program, which is designed to help increase attendance and enrollment of primary school children from poor families through community management networks.

28. **Relationship with Japan Bilateral Assistance.** Japan's grassroots funding to NGOs is focusing on the provision of primary school facilities and other innovations in poor, rural areas, designed to improve access to education and increase retention of poor children, especially girls in higher grades of primary education. The JFPR Project will complement these programs by assisting in the transition process from primary to secondary education, where beneficiaries will be able to access improved science and mathematics education under additional Japan bilateral aid.

29. **NGO, Community, and Private Sector Involvement.** The JFPR Project will be designed to build the capacity of school and community management committees in poor communes to plan and implement the program. It is anticipated that the new commune councils in the selected poor communes will also play a role in program oversight and monitoring. In addition, as part of progress and impact monitoring, the JFPR Project will also provide an opportunity for assessing further capacity-building requirements for poor communities to play a greater role in the planning and implementation of other education programs (e.g., the development of school facilities, and stakeholder evaluations of PAP impacts).

4. Performance Monitoring

30. The PMU will prepare a monitoring and evaluation framework, with key performance indicators, and produce quarterly monitoring reviews. Monitoring will focus on enrollment, attendance and retention rates, cost-effectiveness of the nature and level of scholarships, and impact of capacity building and advocacy and mobilization programs. Monitoring will also focus on the replicability and adaptability of the JFPR Project. Performance monitoring will ensure full participation of project beneficiaries. Monitoring activities will include assessments of project administration at the field level as well as broad outputs of the Project. Project administration monitoring will include the nature of candidate identification, the selection process, as well as disbursement of funds to beneficiaries and their utilization. Output-based monitoring will be used to assess changes in gender parity, dropout, and transition rate to lower secondary schools, based on baseline surveys in all targeted areas. In particular, the program will try to realize a retention rate of at least 75% of selected candidates from year to year. Standardized survey instruments will be developed to facilitate all monitoring activities.

31. The JFPR Project will also be monitored annually as part of a joint performance review exercise involving MOEYS, NGOs, and aid agencies. This monitoring group will provide yearly monitoring reports as part of the overall Education Strategic Plan as well as the ESDP monitoring process. Based on monitoring reports, the annual performance review will be used to adjust project inputs, processes, and use of resources to project needs. An independent impact monitoring study will also be contracted by the PMU after the second year of the Project.

32. Budget management centers at the provincial and district levels will be responsible for monitoring financial disbursements and the ability of LMCs to manage the interventions, particularly on technical aspects. These centers will be responsible to the Department of Finance within MOEYS, as well as to the PMU. They will be assisted in their monitoring activities by field-based NGOs.

5. Geographical Concentration

33. Unlike the ESDP, the JFPR Project will not cover the whole country, but will instead cover a maximum of 75 lower secondary schools in the poorest areas of Cambodia. Selection of the 75 schools will be based on the poverty status in the districts, the concentration of ethnic minorities (particularly in the northeastern provinces), population density, and the performance and commitment of the teachers. MOEYS and other stakeholders will finalize the selection, based on school maps, information on the villages and districts with the highest incidence of poverty, NGO capacity, underserved school outreach, primary and secondary school enrollment and drop out rates, as well as the gender composition and indigenous groups. The data will be used to determine the exact location of the selected lower secondary schools and beneficiary villages and communes.

6. Implementation Schedule and Reporting

34. The Project will be implemented over a period of 3 years, from November 2002 to October 2005. NGOs and LMCs will be responsible for preparing progress reports regarding targeted assistance activities. In addition, the PMU will prepare and submit an annual project review report, as part of the joint annual sector performance review that involves the Government, NGOs, and aid agencies.

E. Expected Impact Assessment

35. The rural poor in Cambodia experience a number of constraints in generating income, which add to difficulties in meeting the direct costs of primary and secondary schooling, especially if the parent is widowed with several children, or the children are orphans. Access to formal employment is limited, due to lack of opportunities to acquire formal education. Many of the poor rely on seasonal subsistence farming, and the seasonal nature of rural incomes does not coincide with the times of the year when rural households are expected to contribute to school fees and operating costs. As a result, poor families frequently either have to forego education for their children, or have to seek high-interest credit to cover parental contributions for schooling.

36. The lack of access to schooling for rural poor girls has severe social and economic implications. The lack of education contributes to low farmer productivity in the rural areas and consequently to low household incomes. It also makes it difficult for the poor to compete for formal paid employment opportunities, and also reduces access to microcredit. Improved educational opportunities will contribute to better health and nutrition practices in rural households, and increase the well being of the rural poor. The increased access to secondary education will improve the effectiveness of family planning practices, and HIV/AIDS awareness programs. NGOs in Cambodia have some experience in implementing targeted assistance programs for the poor, as part of broader rural development initiatives, and will be well placed to lead participatory planning and management capacity building in the selected communes.

37. The JFPR Project further seeks to break the vicious cycle of lack of education and indebtedness. The facilities component of the counterpart ESDP loan will also complement these opportunities for sustainable and structural poverty reduction. The total number of beneficiaries under the Project is estimated at 15,000 poor individuals, comprising 13,500 girls and 1,500 indigenous children (boys and girls) being able to continue secondary education.

38. The short-term economic sustainability of targeted assistance programs is difficult to realize for social public investments such as in the education sector. However, several built-in measures will ensure long-term sustainability of the JFPR-supported activities. First, in institutional terms, the experiences gained under the Project will be used to further develop the planning, management, and monitoring capacity of school/community groups and commune councils in education sector development.

39. Second, awareness building and campaigns for the importance of girls' and indigenous children's education will be incorporated as an integral part of the targeted assistance system. Third, institutional sustainability will be assured through the strengthening of the capacity of school-parent committees, and involving parent representatives and school personnel as well as government officials at the provincial, district, and commune levels, and in the PMU. The most important sustainability feature is, however, the Government's and MOEYS' commitment to

improve equitable access for girls and the poor to basic education. This commitment is demonstrated by identifying scholarship programs for the poor, as a PAP in the MOEYS recurrent budget for 2002-2004, with initial support from ESDP. MOEYS recognizes that the planning, management, and monitoring structure will need further detailed design work prior to implementation. The JFPR Project will provide opportunities for reviewing the levels and nature of support required, and any adjustment to financial channeling, management, and accounting as the program expands. Appendix 9 presents the expected direct and indirect impact on poverty reduction.

40. **Participatory Development Issues.** The JFPR Project will strengthen school-parent committees in articulating the education needs for poor children, particularly girls and children from indigenous families. The LMCs will also be responsible for the selection of the student beneficiaries who will receive scholarships. Criteria selection will be finalized at the beginning of project implementation through workshops with the beneficiaries. The JFPR Project will be implemented in a participatory manner involving community groups, village development committees, community-based organizations, school-parent committees, parents' associations, NGOs, government agencies, and funding agencies. The independent impact assessment will be fully participatory, so that beneficiaries themselves can determine the benefits.

F. Risks, Assumptions, and Assurances

41. Project risks will depend largely on definitions of success. Similar targeted assistance programs generally define their success rate in terms of the number of beneficiaries who stay in school. Because of their small size and their labor-intensive program design, these programs generally report success rates of 95% or more, meaning that fewer than 5% of beneficiaries drop out in any given year. Given the larger size of the JFPR Project to be introduced under MOEYS oversight, and the merit of greatly increasing the number of children receiving assistance, the same standard for success demonstrated in smaller programs cannot apply. Therefore, a minimum success rate of at least 75% is sought. Capacity building, careful monitoring at the school level, and special scholarships for minorities are expected to help maintain that target.

42. The primary risks of keeping a minimum of three-fourths of the beneficiaries in school through the proposed scholarship program stem mainly from the focus on the poorest and on minority areas, where the opportunity costs for girls is likely to be particularly high, and the tradition of educating girls may not be very strong. Thus, the Project's primary merit in terms of trying to ensure equity in the poorest areas is also a potential weakness. Furthermore, for the Project to be replicable on a larger scale, it will need to have a streamlined design, with little differentiation in benefit packages to meet a wide variety of individual needs as well as geographical variations in direct educational costs. To mitigate the risks, the JFPR Project will be piloted in a small number of schools; quarterly monitoring and annual performance monitoring will help identify problems at an early stage; and lessons learned will be incorporated in the design before the targeted assistance is scaled up.

43. Secondary education in Cambodia tends to be extremely expensive relative to individual incomes. According to several estimates of such costs, the \$45 equivalent scholarship proposed will be only a partial subsidy. Given the high direct costs of secondary education, it is not known whether such a partial subsidy will be enough to keep a child enrolled, particularly among the most vulnerable groups. Furthermore, the streamlining design will also require avoiding difficult procurement demands, relying instead on cash payments to the families of beneficiaries. Given the extreme poverty of targeted families, it would be tempting for them to use the provided

resources for non-educational purposes. While smaller programs have been able to avoid this risk by providing the bulk of benefits to families in kind (e.g., provision of uniforms, exercise books, bicycles), this will not be a viable option for a future larger program. To help channel the subsidies to school-related expenses, LMCs will prepare operational guidelines on eligible subsidy items.

44. The risks discussed above, and their instigating measures, are serious and must be weighed against the Project's poverty-reducing objective in terms of addressing serious equity concerns. In addition, the risks associated with a more streamlined design will also be mitigated by the Project's and MOEYS' efforts to mobilize support from among NGOs, which will be able to bring considerable amounts of expertise and resources during implementation. Field-based NGOs will in particular be able to assist MOEYS in monitoring community committees, and utilization of benefits by beneficiaries. As an indication of MOEYS' commitment, recurrent funds under a PAP between 2002 and 2004 have been allocated for progress and impact monitoring of the proposed JFPR Project at the central, provincial, and district levels.

IV. THE PRESIDENT'S RECOMMENDATION

45. The President recommends that the Board approve ADB administering grant assistance to the Government of Cambodia in an amount not exceeding the equivalent of \$3,000,000 to be financed by the Japan Fund for Poverty Reduction, on a grant basis, for the purpose of Targeted Assistance for Education of Poor Girls and Indigenous Children.

PROJECT FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Goal</p> <ul style="list-style-type: none"> Reduce human and social poverty through enhancing ongoing pro-poor education reforms 	<ul style="list-style-type: none"> Increased income-generating opportunities for lower secondary graduates Improved sense of well-being of program beneficiaries 	<ul style="list-style-type: none"> Sample survey of household incomes Family satisfaction survey 	<ul style="list-style-type: none"> Design of pilot program remains consistent with Ministry of Education, Youth and Sports (MOEYS) reform policies
<p>Purpose</p> <ul style="list-style-type: none"> To pilot strategies that improve equity and increase access for and retention of poor girls and indigenous children to lower secondary education 	<ul style="list-style-type: none"> Improved enrollment rates of girls and ethnic minority students in pilot schools Improved attendance and progression rates of girls and ethnic minority students in pilot schools 	<ul style="list-style-type: none"> MOEYS education management information system (MIS) reports 	<ul style="list-style-type: none"> Limited change in MOEYS equitable access strategies
<p>Outputs</p> <p>Component 1</p> <ul style="list-style-type: none"> Nationwide community mobilization program <p>Component 2</p> <ul style="list-style-type: none"> Nationwide organizational development and capacity-building program <p>Component 3</p> <ul style="list-style-type: none"> Pilot testing of incentive programs 	<ul style="list-style-type: none"> 1,621 commune councils and 183 districts are informed of potential benefits Families of around 15,000 beneficiaries become aware of potential benefits Establishment of MOEYS program management unit, with appropriate provincial, district, community, and nongovernment organization (NGO) links Operational local management committees in 75 communes/districts Effective operational guidelines for beneficiary selection and technical and financial management systems Around 15,000 beneficiaries, including 95% girls 	<ul style="list-style-type: none"> Project management unit (PMU) reports Sample perception surveys Directorate General of Education (DGE) report Sample PMU surveys Independent monitoring surveys Annual PMU reports 	<ul style="list-style-type: none"> Effective program design Continued MOEYS commitment to incentive strategy Reliable and efficient targeting and selection procedures

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Component 4</p> <ul style="list-style-type: none"> Dissemination and policy advocacy program 	<ul style="list-style-type: none"> Sustainable financing system through 75 school-based incentive funds, including target of \$550 per annum per fund and increased MOYS budget allocation Annual participatory research and evaluation program and seminars Annual information, education, and communication program to potential target groups 	<p>Sample surveys and annual education sector support program (ESSP) reviews of budget allocation</p> <ul style="list-style-type: none"> Lessons learned for ESSP annual review PMU reports 	<ul style="list-style-type: none"> Adequate capacity for research and advocacy within MOEYS and NGOs
<p>Major Activities</p> <p>Component 1</p> <ul style="list-style-type: none"> Establishment of local management committees Broad LMC representation including females and poor <p>Component 2</p> <ul style="list-style-type: none"> Set up of PMU with appropriate staff Agreed upon operational guidelines for incentive program Agreed upon capacity building plan, including substantial NGO education partners' role <p>Component 3</p> <ul style="list-style-type: none"> Agreed upon LMC procedures for application, selection, and annual renewal Agreed upon procedures for management of LMC incentive fund 	<ul style="list-style-type: none"> In place within 3 months of project start-up Representation approved by MOEYS in line with guidelines In place within 4 weeks of project start-up Approved by MOEYS/DGE Approved by MOEYS within 3 months of project start-up In place within 3 months of start-up In place within 3 months of start-up 	<ul style="list-style-type: none"> PMU reports MOEYS steering committee reports Independent monitoring reports Sample surveys ESSP annual review reports Impact surveys Satisfaction surveys 	<ul style="list-style-type: none"> Monitoring will ensure effective program adjustment Continued MOEYS commitment Cooperation at MOEYS and community levels Continued NGO support

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<ul style="list-style-type: none"> • Agreed upon procedures for additional special allowances for hardship students <p>Component 4</p> <ul style="list-style-type: none"> • Design of operational research and evaluation program • Running feedback workshops and seminars • Feeding lessons learned into annual ESSP review 	<ul style="list-style-type: none"> • In place within 3 months of start-up • Approved by MOEYS within 5 months of project start-up • Initial strategic planning seminar, quarterly, and annual feedback workshops • Impact report presented to annual ESSP review 		
<p>Inputs</p> <ul style="list-style-type: none"> • Community mobilization technical assistance (TA) and activities • Capacity-building TA and training workshops • Incentives program for students • Policy dissemination TA and activities • Overall management costs 	<ul style="list-style-type: none"> • JFPR contribution of \$130,000 • \$460,000 • JFPR contribution of \$275,000 • \$2,225,000 • JFPR contribution of \$2,195,000 • \$83,000 • JFPR contribution of \$75,000 • \$465,000 • JFPR contribution of \$235,000 		

COMPOSITION AND DUTIES OF LOCAL MANAGEMENT COMMITTEES (LMCs)

A. LMC Composition

1. Membership of the LMCs will include representatives from primary school clusters, secondary schools, and local communities. A tentative composition could be as follows:

- (i) secondary school representatives (2): director or vice director and a female teacher;
- (ii) representative from each school cluster (1): cluster school director;
- (iii) representatives from the community (at least 2): these could be members of the cluster community association, secondary school parents' association, village development committee or women's association. at least one representative should be a woman;
- (iv) representative from the district or provincial office of education (1); and
- (v) representative from the communes (1): commune chief.

2. The chairperson of the committee should be the senior representative from the secondary school, as this person's central location will best facilitate coordination of all members. A strong effort should be made to include women in the committee. The role of the district or provincial office of education and commune representatives should be that of advisor rather than direct implementator.

B. Duties

3. The LMC will be responsible for the day-to day management of the scholarship program. Its duties can be summarized as follows:

- (i) Advertise the program to local communities to encourage self-selection for consideration as a candidate.
- (ii) Collect candidate lists from school clusters/ community associations/commune offices.
- (iii) Shortlist candidates; conduct and score qualifying interviews to select candidates and determine the category of scholarship required.
- (iv) Conduct an orientation of the program with parents and students at the beginning of the school year.
- (v) Dispense benefits to the students (in three installments).
- (vi) Monitor student attendance, academic performance, and use of the scholarship funds.
- (vii) Pay home visits to students who are absent for more than 3 days or get low grades.
- (viii) Hold a meeting with scholarship beneficiaries at least every 2 months.

- (ix) Hold a meeting of parents at least every semester to review progress and problems.
- (x) Organize tutoring for students in danger of failing.
- (xi) Meet at least once a month to manage and delegate program activities, schedule monitoring visits, etc.
- (xii) Administer community bank accounts, including making withdrawals and reporting on use of funds.
- (xiii) Submit progress and financial reports to the scholarship implementing agent using a standardized reporting format.
- (xiv) Collect baseline data for the evaluation of the program's impact.

4. The multisectoral composition of the LMC will greatly facilitate many of these duties. For example, advertising the program to local communities can best be done by the cluster school directors and community representatives, since they have regular contact with primary schools and potential beneficiaries. This is also true for shortlisting candidates and conducting the qualifying interviews, as these members will have the best knowledge of the local area. On the other hand, monitoring student attendance and academic performance, and contacting students for meetings is best done by the committee members from the secondary school sector.

COMMUNITY-BASED SCHOLARSHIP PROGRAM FOR POOR GIRLS AND ETHNIC MINORITY CHILDREN

A. Pilot Testing of Scholarship Program

1. To ensure objectivity in the selection of candidates, the selection process will utilize standardized interview forms that can be scored. Following surveys conducted by local management committees (LMCs), candidates will be selected on the basis of a standardized cut-off point based on population size in the target area, poverty level relative to adjacent areas, and the available budgetary resources. Such measures will help ensure that the selection process is credible and objective in the eyes of local communities.

2. Interventions in the program will focus on the direct costs of education and will provide each participating poor girl student in the program with a maximum of \$45 equivalent per annum, payable in three installments per year, for an average period of 3 years. To minimize the need for complicated procurement arrangements at the project management unit, benefits will be provided to the LMCs in cash, upon which the LMC will decide the mode of allocating the scholarships, which can either be in cash or in kind, or a combination of both. Payments to selected families will be contingent on continuous enrollment in lower secondary school, and an acceptable attendance level. Parents of the selected students will be asked to sign formal contracts that set out the conditions for assistance, and possible consequences should the scholarships provided not be used for the direct educational expenses of their children (see Appendix 4).

3. The basic assistance will be a grant to the poor student, covering, e.g., the costs for basic school supplies, uniform, and transport. Additional scholarships (up to \$150 equivalent per annum) may be considered, on a case-to-case basis, to cover the costs of board and lodging as well, in particular for children from ethnic minority groups, and those living in remote areas. As the proposed scholarship of \$45 equivalent per student per annum may, in some cases, not be sufficient to cover all school-related costs, parents of the students will, through awareness and advocacy programs, be encouraged and trained to develop and join a savings scheme to cover the additional expenses, and possibly to start saving to cover the costs for further education of their children after graduation from grade 9.

4. To contribute to the sustainability of the local scholarship program, and to increase civic responsibility and solidarity in the communities, an additional \$1 equivalent contribution for a scholarship fund will be asked from all students enrolling in grades 7-9, every school year. These community contributions will be deposited in the LMC's scholarship program account. Additional fund-raising activities will be encouraged and organized by the LMCs at the school level, for example renting out food stalls, selling food and drinks during festivals and holidays, organizing raffles, and other fund-raising activities. With support of the counterpart Education Sector Development Program loan, the Ministry of Economy and Finance and the Ministry of Education, Youth and Sports have already established a separate priority action budget line for a scholarship program under the Education Sector Support Program, from their recurrent budget, to cofinance and maintain the programs.

5. A scholarship program that helps cover transport costs and boarding provisions in minority areas is likely to increase enrollment for a number of children. However, the under representation of ethnic minorities goes far beyond distance concerns and lack of school facilities. Because of the complex array of factors that lead to low participation by minority children, the proposed program will, therefore, consider keeping a special budgetary provision

to meet their particular needs. This subprogram will be limited, and is experimental in nature, and will adjust to the specific local circumstances and requirements that will be different from assistance in more mainstream areas. The Project may also consider a focus on room and board for children from ethnic minority groups studying at the upper primary level (grades 5-6), and study possible support for all grades at the secondary level (i.e., grades 7-12).

B. Selection Criteria

6. The following criteria apply only to children who have successfully completed grade 6 and whose parents have a positive attitude towards education, such as:

- (i) willingness to allow the child to attend school, conditional on external assistance;
- (ii) willingness to allow the child to study until completion of grade 9; and
- (iii) degree to which the parent feels secondary education is useful.

<p>Criteria Category 1: Socioeconomic Status</p> <ul style="list-style-type: none"> • Parents' occupational status • Parents' educational level • Single parent family or orphan • Number of children • Housing characteristics (e.g., construction material, size, quality, height off the ground, roofing material) • Possessions owned • Land ownership • Credit status
<p>Criteria Category 2: Risk of Drop Out</p> <ul style="list-style-type: none"> • Number of times previously dropped out • Number of times previously repeated a grade • Absence record from the previous year
<p>Criteria Category 3: Distance</p> <ul style="list-style-type: none"> • House is less than 10 kilometers (km) from the secondary school • House is between 10 and 15 km from the secondary school • House is more than 15 km from the secondary school

**PARENTAL/GUARDIAN CONTRACT WITH TARGETED ASSISTANCE RECIPIENT
(Original contract will be in Khmer)**

1. I, _____ (state name), age _____, with occupation _____ certify that I am the parent/guardian of _____ (state child's name) now studying in Grade 7 at _____ (state name of high school). I presently reside at _____ (state village), _____ (state commune), _____ (state district), _____ (state province)

2. I provide my assurance that I will comply with the following expectations:

- (i) encourage my daughter/child to attend school regularly,
- (ii) refrain from using my daughter/child for work or chores in a way that may affect her/his studies,
- (iii) ensure that the funds received for my daughter's/child's education will be used for this purpose only and that the materials purchased will be properly maintained,
- (iv) attend meetings that may be called by the local management committee as required, and
- (v) encourage my daughter/child to study her/his lessons at home.

3. I understand that failure to comply with the conditions set out in this contract and in the rules of the scholarship program attached may result in my daughter's/child's disqualification from the program, and that in such case I will be required to return all materials received or purchased.

4. In order to attest that the information that I have provided above is true and that I understand the terms and conditions of participation in this program, I hereby provide my signature for the Local Management Committee.

Parent's Signature Date

Local School Management Committee Representative

District Representative

BUDGET MATRIX
(\$ '000)

Inputs	Project Components	Component 1 Community Mobilization	Component 2 Capacity Building for Scholarship Program	Component 3 Pilot Testing of Scholarship Program	Component 4 Dissemination of Experiences and Policy Dialogue	Component 5 Project Management and Poverty Impact Assessment	Total
1. Grant Investment: scholarship fund				2,194.0			2,194.0
2. Civil works							0.0
3. Equipment, machinery, materials, and other capital costs						25.0	25.0
4. Supplies							0.0
5. Training, workshops, seminars		62.5	135.0		35.0		232.5
6. Consulting services					25.0	45.0	70.0
7. Project management			112.5			155.2	267.7
8. Other project inputs: services from nongovernment organizations (NGOs)		67.5	26.2		15.0		108.7
9. Contingencies			1.2	1.0		99.8	102.0
Subtotal (JFPR-Financed)		130.0	275.0	2,195.0	75.0	325.0	3,000.0
Government contribution			112.5	45.0	7.5	135.0	300.0
NGOs, community based organizations (CBOs), and other external contributions		100.0	75.0				175.0
Contribution from the poor				20.0		5.0	25.0
Total Project Costs		230.0	462.5	2,260.0	82.5	465.0	3,500.0

COST BREAKDOWN OF SCHOLARSHIP FUND

1. The figures in Table A6 are raw assumptions based on data taken from the 1st Ministry of Education, Youth and Sports and Kampuchea Association for Primary Education (KAPE) interim report of 15 December 2001, and from the draft proposal of 31 March 2002, prepared by KAPE.
2. The basic assumptions are as follows:
 - (i) The national average enrollment rate per lower secondary school is 550 students, of whom 206 are girls and 344 boys.
 - (ii) From among the girls who pass grade 6, but who lack the financial resources to enroll in grade 7, an estimated 30 poor girls per lower secondary school will be selected to receive scholarships. The selection will be based on transparent application and selection procedures and on strict eligibility criteria.
 - (iii) An estimated 15% of the already enrolled girls (in grades 7–9), equivalent to about 30 girls per lower secondary school, are in danger of dropping-out of school due to economic and social constraints.
 - (iv) Special scholarships to cover costs for board and lodging, in addition to the basic scholarships, will be provided to children (boys and girls) from ethnic minority groups.

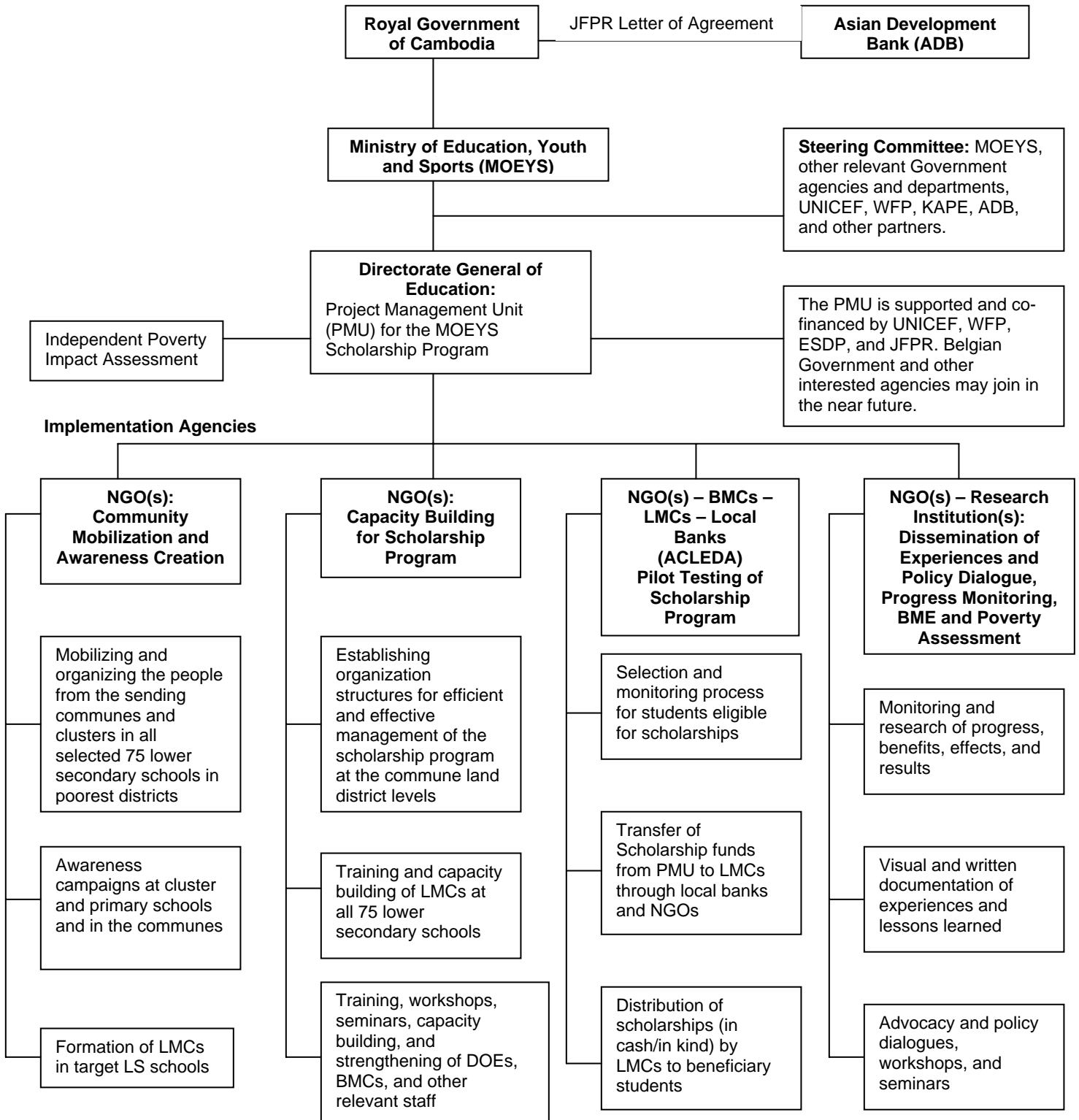
**Table A6: Scholarship Fund for Poor Girls and Ethnic Minority Children
in 75 Selected Lower Secondary (LS) Schools**

Category	Beneficiaries	Duration of Scholarship	Total Number of Scholarships ^a	Number of LS Schools	Annual Scholarship (\$)	Total Scholarships
New Enrollees - Girls	90 poor girls per LS school per year	3 years	270 girls per LS school	75	\$45	\$911,250
Potential Dropouts – Girls	45 poor girls per LS school in danger of dropping out	2 years	90 girls per LS school	75	\$45	\$607,500
Ethnic Minority Children – Boys and Girls	1,500 ethnic minority children	3 years	a total of 1,500 children ^b	in about 50 LS schools	\$150	\$675,000
Total						\$2,193,750

^a These scholarships are provided for the duration of the JFPR Project, i.e., 3 years. After 3 years, the Ministry of Education, Youth and Sports (MOEYS) will take over the scholarship program.

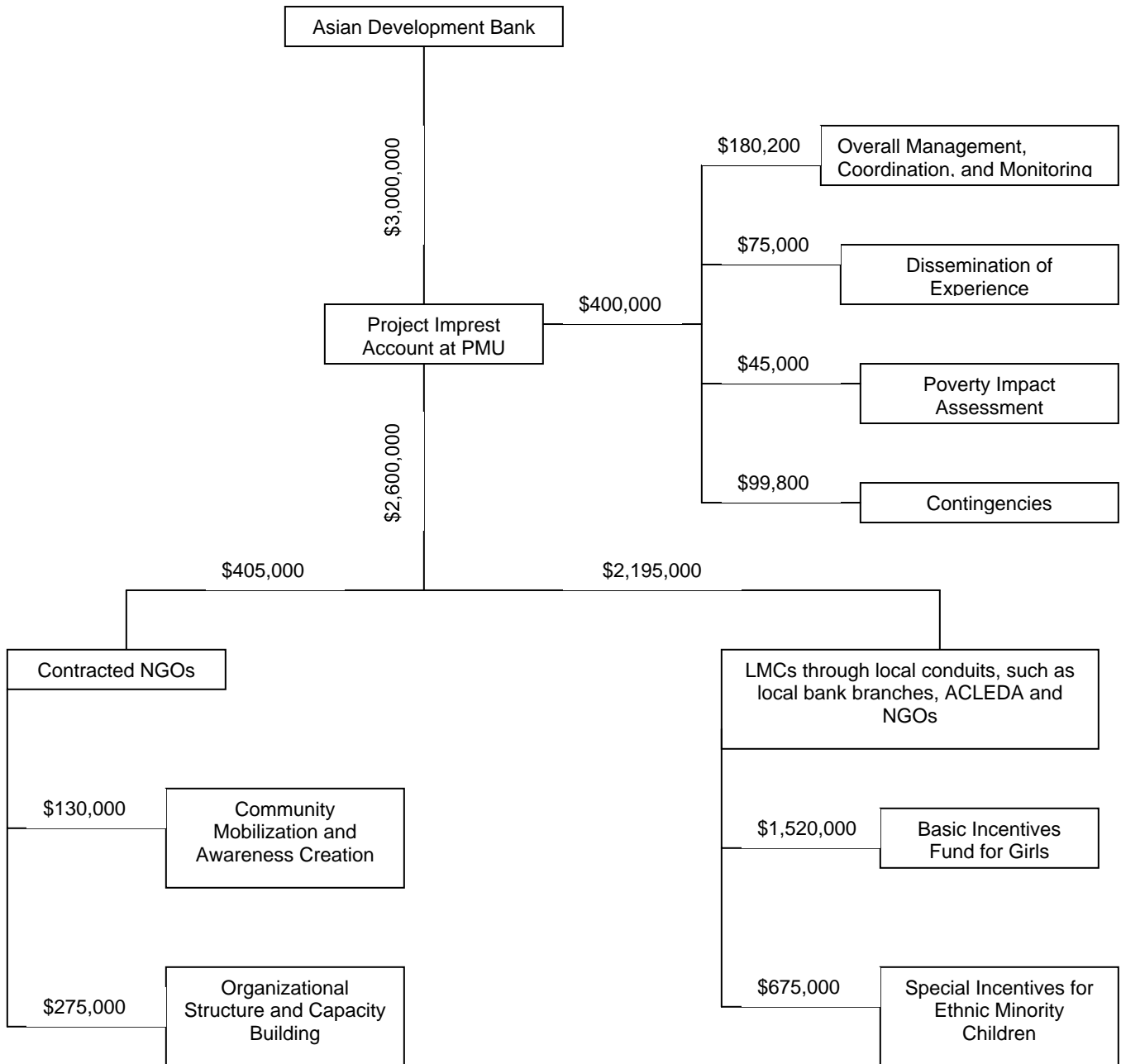
^b Consists of 13,500 poor girls and 1,500 ethnic minority children.

PROJECT STRUCTURE



ACLEDA = Association of Cambodian Local Economic Development Agencies, ADB = Asian Development Bank, BMC = budget management center, BME = benefit monitoring evaluation, DOE = Department of Education, ESDP = Education Sector Development Policy, JFPR = Japan Fund for Poverty Reduction, KAPE = Kampuchea Association for Primary Education, LMC = local management committee, LS = lower secondary, NGO = nongovernment organization, UNICEF = United Nations Children's Fund, WFP = United Nations World Food Programme.

FUNDS FLOW ARRANGEMENTS



ACLEDA = Association of Cambodian Local Economic Development Agencies, NGO = nongovernment organization, PMU = project management unit.

POVERTY IMPACT ASSESSMENT

1. Under the policy agenda of the Education Sector Development Program, the counterpart loan project, the Ministry of Education, Youth and Sports will provide a budget for merit-driven scholarships to poor children. The Japan Fund for Poverty Reduction Project will be one such scholarship program to pilot test targeting, project design, and institutional arrangements for supporting poor girls and ethnic minority children, specifically at the lower secondary education level.

2. The following matrix presents the expected direct and indirect impact on poverty reduction among the poor resulting from the Project.

Component/Activity	Direct Impact on the Poor	Indirect Impact on the Poor	Assumptions
Community mobilization	<ul style="list-style-type: none"> • Increased awareness among poor and ethnic minority households of the importance of education 	<ul style="list-style-type: none"> • Increased awareness among other members of the communities (i.e. the less poor, middle and upper class) of education related causes of the poor 	<ul style="list-style-type: none"> • Focused campaigns and mobilization activities to avoid inappropriate use of these campaigns for other agendas
Capacity building for scholarship programs	<ul style="list-style-type: none"> • Involvement of the community in education for poor children will help ensure services related to needs of the poor • Fair and transparent selection of candidates among those eligible for scholarship • Appropriate targeted assistance according to needs 	<ul style="list-style-type: none"> • Increased knowledge of family planning and family health issues • Improved central, provincial, and MOEYS capacity for planning targeted assistance programs for the poor • Improved school and community mechanisms for identifying program beneficiaries and fund monitoring 	<ul style="list-style-type: none"> • All involved local management committee members and staff are sincere and comply with MOEYS' concerns for the poor
Pilot testing of scholarship programs for poor girls and ethnic minority children	<ul style="list-style-type: none"> • Increased enrollment and improved attendance, progression, and retention of girls/ethnic minority children • Increased future employment opportunities, agricultural productivity, and domestic skills 	<ul style="list-style-type: none"> • Increased equity within society • Improved self-esteem and health 	<ul style="list-style-type: none"> • Transparent and fair selection system
Dissemination of experiences and policy dialogue	<ul style="list-style-type: none"> • Reduced costs of education to poor parents; Increased equitable access to education for the poor, girls, minorities 	<ul style="list-style-type: none"> • Increase of a critical mass advocacy among policy makers for the assistance of the poor • Better targeted, nationwide assistance programs for the poor, girls, and minorities 	<ul style="list-style-type: none"> • Policy makers and implementors are sincere in their concerns for education of the poor and disadvantaged

MOEYS = Ministry of Education, Youth and Sports.