

# **Education Sectorwide Approach**

**Cambodia Education Case Study**

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## Acronyms

EFA	-	Education for All
ESP	-	Education Strategic Plan
ESSP	-	Education Sector Support Program
ESWG	-	Education Sector Working Group
MOEYS	-	Ministry of Education, Youth and Sport
NGO	-	nongovernment organizations
PAP	-	priority action programs
Sida	-	Swedish International Development Cooperation Agency
SWAP	-	sectorwide approach
TVET	-	technical and vocational education

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# Cambodia Education Case Study<sup>1</sup>

## Education Sector Support Program

### BACKGROUND

1. In the early 1980s, Cambodia was emerging from a period of political conflict and instability. Much of the physical and human infrastructure of education had been destroyed and needed to be restored quickly. The 1990s saw a period of emergency relief and reconstruction, with heavy dependence on external assistance from donor agencies and nongovernment organizations (NGOs). Recognizing the need for improved coordination of external assistance, the Government approved an Education Investment Plan 1995–2000. Despite significant external aid over the decade (though declining in the late 1990s), the Government's own Education for All (EFA) 2000 Assessment acknowledged disappointing sector performance and the need for more sustainable and policy-led reform.

2. The EFA 2000 Assessment highlighted key problems in the sector. The representation of students from poor families declined rapidly after the first years of primary schooling. Enrolment rates in primary and secondary education were stagnating, repetition and dropout rates in primary grades were high, and learning outcomes were poor. The informal costs of schooling, and for post-secondary education were a significant constraint on equitable access to education services. These problems were exacerbated by a low share of Government spending on education, and an emphasis on technical and higher education by aid agencies. The quality of basic education (grades 1-9) was being undermined by limited instructional hours, inequitable distribution of better qualified and experienced teachers in favor of urban areas, the lack or poor state of classrooms, and inadequate programs to help disadvantaged children.

3. The lack of clear education policy reform priorities and a proliferation of discreet and often unconnected donor projects were contributing to policy fragmentation and undermining development impact. A comprehensive situation analysis by the Ministry of Education, Youth and Sport (MOEYS) suggested the need for a different approach to solve the pressing educational problems. The Government began to circulate discussion papers on an alternative partnership paradigm (issued at the Consultative Group Meeting 2000), and the health ministry began a policy development process. Members of the funding community were also becoming more familiar with alternative approaches to project aid, drawing on early experiences of education and social sector development programs in Mongolia, Indonesia and Thailand, in response to the political and financial instability in the late 1990 in Asia.

### THE EDUCATION SECTOR SUPPORT PROGRAM

4. The Education Sector Support Program (ESSP) 2001-2006 is the national program for education of the Royal Government of Cambodia, developed between late 1999 and mid-2001. The ESSP is directed by the medium-term Education Strategic Plan (ESP) formulated over the

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<sup>1</sup> The case study was drafted by Ms. G. Forsberg, Principal Education Specialist, ADB, Manila, and Mr. M. Ratcliffe, Policy Adviser, MOEYS, Cambodia. The case study draws upon the paper Sector Wide Approaches to Education Reform, Cambodia, presented by Mr. Sar Nak, Deputy Director, Planning Department, MOEYS, Cambodia; Ms. D Jongsma, Head of Education Section, UNICEF, Cambodia; and Mr. M. Ratcliffe, at the IIEP Conference on Sector Wide Approaches in Education, Paris, December 2002.

same period. The overall goal of the ESP and ESSP is to contribute to the achievement of the Government's poverty reduction strategy through pro-poor systemic and targeted interventions.

5. The three main objectives are to increase equitable access and enrolment at all levels, improve the quality and effectiveness of education and training, and strengthen capacity for education decentralization. Recurrent budget financed priority action programs (PAPs)<sup>2</sup> include (i) five poverty-indexed operating budget programs to primary and secondary school, technical and vocational education training (TVET), higher education, and teacher training institutions; (ii) education service efficiency rationalization; (iii) core instructional materials; (iv) continuous teacher development; (v) HIV/Aids<sup>3</sup> awareness for in-school and out-of-school youth; and (vi) strengthening monitoring systems. Capital budget financed priority programs are education facilities development, and capacity building for institutional reform and priority program planning and management.

### DESIGN OF THE SECTOR SUPPORT PROGRAM

6. *Mixed Sector Budget Support Modalities:* ESSP is supported by a number of modalities, including an ADB sector development program loan, European Commission (EC) targeted budget support, and Swedish International Development Agency (Sida), Japan, Belgium and other bilateral grants. The first phase of ESSP implementation comprises five years, 2001–2006, with initial ADB support of \$38 million, representing around one-third of initial donor commitments. NGOs will provide more than \$5 million per annum for grassroots interventions and capacity building. The first phase of ESSP focuses on basic education. The second phase, from around 2004 will accord greater attention to post-basic education, with anticipated ADB and World Bank support.

7. The Government and the donor and NGO community have agreed to a set of common policy actions and targets in 2001 as a basis for both sector performance monitoring, and joint undertakings for release of sector budget support, and investments in facilities and capacity building. Net enrolment rates for primary and lower secondary education are planned to reach 95% and 50% respectively by 2005, with gender parity. Progression rates in the early primary grades are to reach 90%, and primary/secondary transition rates to reach 90% by 2005. The number of privately supported students in technical and vocational education (TVET) and higher education is projected to double by 2005.

8. Other institutional reform and efficiency improvement targets by 2005 include (i) more equitable and efficient deployment of teachers in primary and secondary schools, (ii) a decline in the share of non-teaching staff, (iii) a 50% increase in the number of decentralized education budget management centers, (iv) a 45% non-salary recurrent budget spending, and (v) 30% of recurrent spending on PAPs, and 95% disbursement on PAPs.

9. *Rationale for the Sectorwide Approach:* The main impetus for a sectorwide approach (SWAP) was Government recognition of the disappointing sector performance in the 1990s, and the limited development impact of external assistance of \$30–40 million per annum between 1994–1999. Another factor was a determination, within the highest levels of Government, to move from “donorship to ownership and partnership”, set out in the Government's partnership paradigm paper (Cambodia Consultative Group Meeting, 2000). Through a SWAP approach,

<sup>2</sup> PAPs are a Government recurrent budget system for rapid and protected delivery of funds to priority programs and activities

<sup>3</sup> Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome

the Government would be better able to increase its effectiveness in the use of government and external resources for education. An additional source of momentum for the SWAP was an alliance of like-minded funding agencies, with operational policies that could facilitate such an approach.

10. *SWAP Characteristics:* The coverage of the program is sectorwide, incorporating a rolling program of priority reforms. It focuses initially on basic education, but with growing attention to public-private partnership in post-basic education. It is based on a long-term vision set out in the Royal Government's Vision 2020 document, the draft EFA strategic plan 2015, and a set of long and medium-term strategies and programs identified in the ESP and ESSP to which, Government and all major donors agree. There is also an agreed medium-term expenditure framework (MTEF) consistent with the policies and priorities. The PAP mechanism provides the relationship between spending and sector outputs. Program allocations reflect priorities, and post-audit accounting encourages results-based financial management.

11. There is strong Government and MOEYS leadership and ownership of the program, with local stakeholders responsible for priority setting and program development. All major donors are committed to supporting the program, encapsulated in a set of Partnership Principles, formally approved by MOEYS, the Education Sector Working Group (ESWG) of donors, and the NGO Education Partnership (NEP) in early 2001. Partnership building is enabled by ministry-led monthly consultative meetings, an annual joint sector performance review, and high level Education Round Tables. Annual negotiation on strategy and program adjustment, linked to dialogue on further support, is managed by a joint ESSP review appraisal group of high level MOEYS, donor, and NGO policy makers.

12. *Conducive SWAP Environment:* There were no formal preconditions or joint undertakings before engaging in a SWAP process. The critical initiating factor was the open recognition by the Minister, MOEYS (who is also Deputy Prime Minister) of the need for radical reform if the sector performance was to improve. A second key factor was the existence of a program of major financial planning and management reform, championed by senior policy makers in the Ministry of Economy and Finance. As the policy development and partner dialogue process progressed, high level support within the Prime Minister's Office, Ministry of Economy and Finance also strengthened. MOEYS and partners' confidence in a SWAP was reinforced by growing macro-economic stability, and the Government's commitment to formulate an MTEF which would help provide more predictable sector resources. The Government's agreement to a number of reforms and targets, set out in the ADB education sector development loan covenants, further reinforced mutual trust and confidence in a policy-led approach.

13. *Definition of the Sector:* The ESSP is genuinely based on a sectorwide definition, including basic education, upper secondary education, non-formal education and literacy, together with health education, formal and informal TVET, and higher education, and including public and private provision. The ESSP financing framework incorporates all these subsectors. The rolling program of strategy and program development makes it possible to define post-basic education strategies and programs in 2004 and beyond. Post-basic policy and strategy implementation will be informed by the annual sector performance review analysis and findings. It is anticipated that the definition of the education sector will be further diversified through the EFA 2015 plan that incorporates programs and responsibilities for the Ministry of Health (e.g., early childhood care, nutrition), the Ministry of Women's and Veterans' Affairs, the Ministry of Social Welfare and Vocational Training, and the Ministry of Interior (e.g., for education decentralization).

14. *Program Leadership Processes:* The Minister, MOEYS convened a meeting of donors in late 1999 to propose a SWAP process. The Minister and Secretaries of State also provided very visible leadership and ownership of the ESP and ESSP development process from late 1999 to mid 2001, including the joint appraisal process by donors and NGOs. The high level leadership of the joint annual ESSP reviews in 2001 and 2002, consolidated MOEYS and partner confidence in Government-led reforms. This was further reinforced by the attendance of the Prime Minister at the Education Round Tables in 2001 and 2002. Regular monthly meetings of MOEYS and education partners, with joint agendas, and open discussions, have further strengthened MOEYS leadership.

15. *Sector Policy Dialogue Processes:* An initial phase of policy dialogue, focusing on quality improvement and education decentralization, was jointly initiated by the MOEYS and the World Bank in 1998, with support from a Government of Japan grant. Between late 1999 and early 2001, ADB, Sida, EC and UNICEF jointly financed further sectorwide education policy dialogue and analysis. The work culminated in the draft ESP. Joint and intensive consultations between MOEYS, funding agencies, and NGOs were held to formulate pro-poor education reforms, as part of preparing the socioeconomic development plan (2001), and financial reform programs (2000). Involvement in preparing governance action plans (2001), and decentralization and public administration reforms (2000/01) reinforced an interministerial and cross-sectoral dialogue. The preparation of the National Poverty Reduction Strategy in 2002, refined the dialogue on the balance between systemic and targeted pro-poor education interventions.

16. *Donor Coordination and Partnership Building:* Donor coordination and partnership building is guided by a set of partnership principles and practices agreed with MOEYS in 2001. These principles include transparency of individual funding agency policies, programming discussions and prospects, including practices for information dissemination. As part of the annual ESSP review, funding agencies and NGOs present a joint independent report to the Government.

17. Donor and NGO coordination takes place through the Education Sector Working Group (ESWG), which meets independently to take a common position on dialogue with Government and MOEYS on the ESSP. The ESWG and NGO education partnership formally elect representatives to present views to the Government and MOEYS, independent of what the funding agency's financial support is to the sector. A joint MOEYS, ESWG and NEP team coordinate preparations for the annual ESSP review; agree on ESSP review findings; and the subsequent MOEYS, funding agency and NGO official statements after the ESSP review.

18. *Program Development:* The ESSP has adopted rolling program development and implementation. In 2000, PAPs for basic education and higher education were developed and implemented, and the lessons learned were incorporated into the initial ESSP PAPs in mid 2001. Initial joint review and appraisal of ESSP programs took place in mid 2001 by the Government, MOEYS, funding agencies, and NGOs. The result was a joint appraisal report, and revised ESSP programming and financing. The ESSP priorities were broadly endorsed by all education partners. The MOEYS was urged to accord greater attention to community-based program management, expand early childhood education provision, and give priority to strengthening financial planning, management, and accounting systems.

19. A similar process took place in September 2002, with MOEYS presentation of an education sector performance report, revised ESSP programs, capacity building assessment, and a forward plan. The MOEYS was urged to accelerate early childhood education provision

(through an interministerial approach), expand targeted scholarships and/or incentives programs for the poor, girls, and minorities, and speed up improvement of financial management and disbursement mechanisms. Funding agencies and NGOs endorsed the forward policy development work plan, especially post-basic education financing, and institutional policy reform.

20. *Level of Sector Analysis.* The ESSP was preceded by extensive formal sector work. The World Bank, through a Japan grant, assisted with a number of operational research studies on decentralization, quality improvement measures, and community-based financial management in 1998. ADB, Sida and UNICEF supported extensive sectorwide analysis in 1999 and 2000, including sector, financial, institutional, and governance assessments. ADB supported the preparation of situation analyses for each subsector and disadvantaged groups. The ADB team presented a formal but independent sector analysis, *Education in Cambodia: A Strategic Analysis* in January 2001, as a basis for discussions on formulating the ESP and ESSP. Further sector analysis on long-term EFA policy and financing scenarios in 2002, combined with ongoing operational research supported by the donors, are designed to ensure integration of long-term and medium-term vision, policy, and strategy.

21. *Financial Management Systems.* The ESSP design incorporates use of both recurrent and capital financial management systems for policy and program implementation. The development of a post-audit PAP financing system provided key momentum for linking policy priorities to outcomes and spending. This mechanism has also been the driving force for decentralizing ESSP recurrent budget management and accountability to over 200 central, provincial, district and institutional budget management centers (BMCs). Such extensive financial decentralization has also been a key factor in providing system incentives for strengthening financial reporting, accounting, and latterly, audit systems.

22. During the design and early implementation phase of ESSP there was extensive debate among Government, MOEYS and donors over the capacity of Government's financial management systems, especially Government's cash management and release processes. A second concern has been the capacity to provide financial transparency, and included discussions on whether to continue parallel systems through projects or pooled funding. The success of pilot PAPs in 2000 and 2001, combined with extensive financial capacity building, encouraged ADB to provide budget support in 2001, through the Government systems. The EC are following suit in 2003.

23. MOEYS has promoted the continued use of a mixed modality of budget support, investment projects, and capacity building assistance in order to ensure inclusiveness of development partners. Another objective has been to increasingly focus investment projects, especially for facilities, on implementing access and quality improvement objectives. The often difficult transition from discreet funding agency projects to a SWAP has been made easier by the fact that many projects and implementation units were in the later years of the implementation cycle, allowing strategic negotiations between MOEYS, and funding agencies on the next phase.

24. *Institutional Assessments and Capacity Building Planning.* The ESSP design was preceded by extensive institutional assessment, especially of MOEYS capacities for policy and planning, financial management, organizational reform, governance, and performance monitoring. An initial institutional reform and capacity building strategy is a key component of ESP and ESSP, and provides a clear framework for capacity building. As a result, all external agency assistance, both loans and grants, contains well-defined and coordinated capacity

building activities. After the assessments in 2000/01, MOEYS commissioned more detailed organizational audits of specific central and provincial departments in 2002/03, to strengthen technical and financial monitoring, and as a basis for a rolling program of capacity building.

25. Institutional assessment and capacity building planning within ESSP is based on the principle of using government systems wherever possible. Budget support from funding agencies is only channeled through government systems. For capital budget programs (e.g. facilities, capacity building), procurement systems are being gradually harmonized under MOEYS departmental leadership. Interministerial capacity building, especially between education and finance ministries, is another focus of ESSP, to ensure agreement on financial planning and management guidelines.

26. *Stakeholder Consultation.* The ESSP common policy action matrix and forward work plan include clear milestones for stakeholder consultation. Throughout the ESSP design and early implementation phase, 2000/02, consultation with other Government ministries, funding agencies, and NGOs has been extensive. Formal consultation with civil society and the private sector has been limited and needs to be expanded. As a first step, MOEYS conducted a parental and teacher perception survey of ESSP in mid-2002, which indicated that these stakeholders need to be better informed if they are to be engaged in the reform process. ESSP forward plans for 2003-2005 include extensive nationwide policy advocacy and increased community-based program planning and management, through local education cluster groups, and newly elected commune councils.

27. *Financing.* The first six-year phase of ESSP, 2002-2006, is projected to cost around \$725 million, of which the Government is expected to provide about two-thirds, and funding agencies one-third. MOEYS has established a financial projection and planning database to coordinate ongoing and projected donor commitments. Current projections of funding agency support indicate that the financing gap for ESSP implementation represents roughly 10% of the total ESSP financing requirements for 2002-2006. The ADB and EC budget support is largely unallocated, and is designed to flexibly meet the needs of recurrent financed priority programs. Grant aid support (and the investment component of the ADB sector development loan) is predominantly used for facilities development and capacity building, including logistical support for decentralization.

28. *Potential Risks and Mitigation.* A potential risk is a decline in MOEYS and external agencies' confidence in the ESSP reform process and SWAP approach if significant implementation difficulties arise. MOEYS and development partners recognize that taking a long-term view, and sustaining the current sense of partnership and commitment, can help mitigate this risk. A second potential risk is if the balance between salary and non-salary spending--to achieve access and quality objectives--is distorted by uncertain and uneven education service pay rises and reforms. A related risk is potential delay in disbursements that can slow down implementation and drain confidence. These two potential risks are being addressed by continued and extensive consultation and networking with finance and public administration ministry reform teams.

29. A further risk is limited MOEYS capacity and incentives to implement ESSP as the program expands and diversifies, especially for program management, accounting and audit, and performance monitoring. To mitigate these risks, a medium-term capacity building plan, with extensive external assistance, will be implemented. In addition, MOEYS is introducing a performance-based incentive system (financed through the recurrent budget) for key managers and technical staff at central, provincial, district, and school and institutional levels.

30. It is further possible that the public-private partnership policy for post-basic education will meet resistance. The long-term sustainability of the ESSP reforms is predicated on the principle of extensive private cost-sharing for post-basic education provision, especially TVET and higher education, but with targeted support for students from poor families. Without extensive cost-sharing, Government financing of primary and secondary education, could be diverted towards TVET and higher education, with inevitable impact on access and quality of basic education. Risk mitigation measures will include (i) extensive policy dialogue on post-basic financing and governance, and (ii) partner negotiation on protecting the basic education financing share, as part of joint undertakings for assistance.

## **LESSONS LEARNED**

31. The following lessons are being learned as part of the rolling program of ESSP policy development and implementation:

- (a) High level national leadership and authority of the ESSP reform process is critical; in Cambodia it was provided through the Minister, MOEYS (also Deputy Prime Minister). Once this leadership is established, other champions of reform, within MOEYS and other ministries, tend to become more visible.
- (b) There is no ideal process for funding agency and NGO engagement in a SWAP approach. In Cambodia, it was a rolling, somewhat ragged process, led initially by a small number of like-minded donors and NGOs. Government flexibility in negotiating a mix of donor-financing modalities helped maintain inclusive partnership, and the formal partnership agreement also helped.
- (c) A rolling program of priority reforms, focusing on sector outcomes and performance, rather than a fixed blueprint of activities, helps to maintain a SWAP process. In Cambodia, it has also been critical to include institutional and financing policy targets as well as sectoral ones in ESSP performance monitoring processes. This helps to maintain a wide definition of the sector, and promote interministerial networking on key policy issues (e.g., pay reform, financial management, decentralization)
- (d) A Government-led annual sector performance review process, including all key stakeholders, is vital for sustaining joint ownership, partnership building, and strategic negotiation processes. In Cambodia, greater engagement of civil society and private sector groups will be critical if decentralization and post-basic education reform policies are to be implemented effectively.
- (e) Institutional analysis, development and capacity building needs to be an intrinsic part of initial policy dialogue and planning. Effective ESSP implementation will stand or fall on the commitment and capacity of the Government, and specifically the education ministry. In Cambodia, greater attention to capacity building at provincial, district, community and school level is critical for sustainable implementation of ESSP.