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Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 20-Jun-2017 | Report No: PIDISDSC22048

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Parent Project ID (if any)	Project Name
Cambodia	P162971		Higher Education Institutions Capacity Improvement Project (P162971)
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
EAST ASIA AND PACIFIC	Dec 01, 2017	Mar 30, 2018	Education
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	KINGDOM OF CAMBODIA	Ministry of Education, Youth, Sport	

Proposed Development Objective(s)

The project development objectives are to improve the quality, relevance and equity of education and research at targeted higher education institutions, improve governance in the sector, and to provide immediate and effective response in case of an eligible crisis or emergency.

Three expected key results are:
- Improved responsiveness of target HEIs to labor market needs in priority sectors identified in the national Industrial Development Policy;
- Improved equity and access to the target HEIs that ; and,
- Strengthened sector governance, including improved institutional management capacity at HEIs as well as improved sectoral quality assurance mechanism.

Financing (in USD Million)

Financing Source	Amount
International Development Association (IDA)	40.00
Total Project Cost	**40.00**

Environmental Assessment Category	Concept Review Decision
B-Partial Assessment	Track II-The review did authorize the preparation to continue

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Other Decision (as needed)

B. Introduction and Context

Country Context

Following more than two decades of strong economic growth, Cambodia has attained lower-middle income status as of 2015, with GNI per capita reaching US$1,070. Cambodia grew by an average annual rate per capita of 5.3 percent during 2005–2015, ranking among the top 14 economies in the world.[1] The main drivers of growth have been the manufacturing sectors, in particular garment and more recently construction, and the services sectors, especially tourism and real estate. After experiencing a strong growth, rates in the agriculture sector have recently decelerated. Economic growth flattened in the aftermath of the 2009 global financial crisis but recovered quickly, averaging 7.2 percent during 2010–2015. Growth is estimated to ease slightly to 7.0 percent in 2016, in the context of a slowdown in the Chinese economy. In the medium term, growth is expected to remain strong at around 6-7 percent, underpinned by regional integration with resilient exports and strong domestic demand boosted by low oil prices.
The sustained economic performance has lifted a large proportion of the population above the national poverty line, but Cambodia is still one of the poorest countries in the Southeast Asia region. Between 2004 and 2014, the poverty incidence under the national poverty line declined from 63.3 percent to 13.5 percent of the population.[2] Most of the poverty reduction occurred between 2007 and 2009, when the poverty headcount rate declined by 20 percentage points, driven by a significant hike in the price of rice, the main agricultural product of Cambodia. Despite this progress, the vast majority of the families that rose above the poverty line did so by a small margin, leaving them at risk in the event of an adverse shock. Poverty reduction in Cambodia has been accompanied by shared prosperity — the real consumption growth of the bottom 40 percent of the distribution was larger than that of the top 60 percent — and a decrease in inequality, with the Gini coefficient going down from 36.5 to 27.4 between 2007 and 2014.[3] Further reductions in poverty are expected.

Sectoral and Institutional Context

Realizing education's potential to spur growth is a priority for Cambodia. The country's National Socio-Economic Development Plan (2014-2018) and Industrial Development Policy (2015-2030) call for creating a competitive economy through knowledge and innovation. Strong export performance has been sustained with manufacturing exports growing about 16 percent p.a. in real terms over the 2000-2014 period. This success has been built largely on the expansion of relatively low-technology, low wage/skill production in such industries as textiles, apparel, and basic electronics, and sustained by a steady flow of foreign investment. However, Cambodia's comparative advantage in these industries will be eroded as wages rise unless productivity rises as well. So, to maintain growth prospects in the long term, the country will need to maintain its competitiveness and move up the value chain to produce more sophisticated knowledge-intensive products. This means exploiting opportunities to create new business and expand jobs for Cambodian among the backward- and forward-linkages, especially to the FDI-financed export industries. Moving from low-wage cut and assembly

[1] GDP per capita (constant LCU). Source: WDI
[2] World Bank staff estimates from CSES (2004-2013) and the Global Monitoring Report (2016).
[3] World Bank staff estimates from CSES (2004-2013).

to design, manufacturing systems control engineering, identification and provision of related products (packaging, marketing, inexpensive back-office services, among others) requires employees with high-quality, relevant skills for the sector.

To create these skills, Cambodia must address an increasingly serious mismatch in the types, amounts, and quality of scientific, technical, and managerial/organizational skills among tertiary graduates. If mismatches can be overcome, key leadership roles in Cambodia's technological transformation could be played by university graduates in science and engineering programs. Shortages of the right types, amounts, and quality of skills among of scientists and engineers, however, have been widely reported and international indicators show that Cambodia is not well-endowed with scientific and technical (S&T) skills.

According to the latest available data, the share of adult population aged 25 years or more who have completed at least a short cycle tertiary education in Cambodia is a mere 3.26 percent (2014) while the corresponding figures for Vietnam and Korea are 6.7 percent (2009) and 35.32 percent (2010) respectively. Tertiary gross enrollment ratio is also rather low at 12 percent (2011) compared to 30 percent (2014) for Vietnam and 98 percent (2013) for Korea. Furthermore, in regards to field of study, only 12.0 percent (2011) of Cambodian tertiary graduates completed their studies in the science, technology, engineering, or mathematics (STEM) subjects. This compares unfavorably to the 24.2 percent (2013) recorded for Vietnam and 35.2 percent (2013) for Korea. A low-level of research and development (R&D) investment and little private sector contribution is another area in which Cambodia is lagging regional neighbors. Gross expenditure on R&D activities total only 0.08 percent of GDP in 2016[4] compared to 0.2 percent (2011) for Vietnam and 4.3 percent (2014) for Korea. Policies are being implemented to raise the quality and relevance of the knowledge, skills, and outputs of scientists and engineers as well as to strengthen R&D activities.

Government Reform Agenda

Higher education provision in Cambodia has expanded rapidly over the last two decades. In 1997, there were only eight Higher Education Institutions (HEIs). By 2016, the number increased to 121 HEIs, operating under 16 different ministries/agencies. The expansion has primarily been at the institutional level, leaving the HEIs to develop according to their own needs and capacity, without strategic policy and oversight from the state.

In 2013, in response to inadequate investment in higher education and to meet the challenges of the emerging ASEAN Economic Community (AEC), the Ministry of Education Youth and Sports (MoEYS) embarked upon an 8-point education reform agenda, which gave priority to higher education reform. The reform included actions to address: (i) concerns over lack of relevant skills and knowledge of higher education graduates; (ii) insufficient capacity, skills, and facilities for research; (iii) a mismatch between higher education provision and the needs of the labor market; (iv) an oversupply of graduates in subjects such as management and accounting, yet a skills shortage in subjects such as science, technology, engineering, and mathematics (STEM); and (v) concerns over weak governance mechanisms at the sectoral and HEI levels.

In 2015, the government adopted an Industrial Development Policy 2015-2025 (IDP). The main aim of the policy is to diversify the Cambodian economy and move the country towards a more "technology-driven and knowledge-based modern industry" by 2025, and to reach high middle-income status by 2030. To realize the vision of IDP, the Royal Government of Cambodia (RGC) has prioritized: (i) strengthening the industrial sector with a focus on manufacturing

[4] Estimated by the task team for economic analysis based on available data.

sector development; and (ii) diversifying the export of goods by increasing the export of non-textiles, and by promoting the export of processed agricultural products.

The policy also identifies five key obstacles to economic development. One of the main obstacles is "the scarcity of basic technical knowledge and skills crucial to transform an unskilled labor-force into a skilled labor force capable of absorbing new and high value technical and technological skills." It thus says that Cambodia needs to develop proper human resource capacity to support its investment policy, the lack of which would seriously undermine the competitiveness of its industrial sector.

The IDP's medium- to long-term policy measures to improve the situation include: "building the capacity of HEIs to absorb scientific knowledge and promote market-driven technological innovation"; "strengthening and building capacity based on demand for research and development for industrial technology"; "collaborating to promote and encourage study and research on sciences, technology and innovation"; and "promoting the study of STEM from primary education to post-secondary education level."

Responding to Challenges

To address the requirements of the IDP, meet the needs identified as part of the education reform agenda, and build on the achievements of the Bank-supported ongoing Higher Education Quality and Capacity Improvement Project (HEQCIP), the Directorate General of Higher Education (DG HE) of MoEYS, development partners (DPs), and local stakeholders, have prepared a Higher Education Road Map. The aim of the Road Map is to establish a holistic strategy for a nation-wide higher education sub-sector development in order to equip Cambodian graduates to meet the rapid economic demands and the increasing opportunities for mobility and technology transfer within the AEC and beyond, through improvement of four sub-sectoral policy areas: (i) **quality and relevance**; (ii) **access and equity**; and (iii) **governance.**

With respect to **quality and relevance**, improving human resources and physical infrastructure are priorities. The current environment is marked by a low ratio of PhD holders among HEI lecturers (7.5 percent in 2015), minimal research opportunities for both professors and students, and limited facilities and student services (e.g. the student classroom ratio at the selected HEIs is 114:1, and the student laboratory ratio is 230:1). Major strategies to improve quality and relevance focus on: (i) advancing curriculum more relevant to economic needs; (ii) strengthening human resources to conduct inquiry-based teaching and learning; (iii) increasing advanced research opportunities in priority subject areas; and (iv) modernizing physical infrastructure in line with the investment on human resources and research.

Ample room for improvement of **access and equity** exists. Not only is the enrollment rate of higher education in Cambodia lower than neighboring countries; most of the enrolled students are from better-off households, creating a level of inequality higher than other countries. In Cambodia 73.6 percent of enrolled students come from the top income quintile, while only 2.2 percent of students come from families who occupy the bottom 40 percent of nation-wide income levels (2012). In the current context, many high-performing children may have missed the opportunity to attend higher education due to socio-economic reasons. Strategies to address access and equity issues focus on: (i) expanding enrollment, particularly in more needed areas; and (ii) increasing scholarships for poor and disadvantaged students.

Lastly, it is critical to strengthen the sectoral **governance** framework in higher education to improve the higher education system. Currently, the accreditation system has been on hold since 2015 and its function is limited to evaluation of HEIs institutional capacity, while a technical review has been carried out. Autonomy of HEIs is also limited in terms of finance and human resource management. Strategies in this area focus on: (i) improving existing quality assurance mechanisms through reforms in the national accreditation body and internal quality assurance system at HEIs; and (ii) ensuring

appropriate and adequate institutional autonomy and accountability. Cambodian HEIs need to be legally entrusted with institutional autonomy to make decisions on all affairs that are concerned with their operations. This authority needs to be counterbalanced with setting up appropriate institutional accountability mechanisms.

In recent years, MoEYS has made significant gains in higher educational development (i.e., producing a Higher Education Road Map in line with the IDP and a strong record of HEQCIP project implementation). These achievements provide a strong foundation for the government to seek additional funding from International Development Association (IDA) to support a program of interventions at selected public HEIs to strengthen teaching and research capacity in STEM and agriculture, as well as to strengthen governance in the higher education sub-sector. These investments in the long run will ensure a sufficient influx of highly qualified human resources in priority areas, science-technology transfers, and independent policy advisory services in order to effectively contribute to Cambodia's industrial modernization through transformation of the selected universities into leading research-based universities within the AEC.

C. Proposed Development Objective(s)

Note to Task Teams: The PDO has been pre-populated from the datasheet for the first time for your convenience. Please keep it up to date whenever it is changed in the datasheet.

The project development objectives are to improve the quality, relevance and equity of education and research at targeted higher education institutions, improve governance in the sector, and to provide immediate and effective response in case of an eligible crisis or emergency.

Key Results (From PCN)

Three expected key results are:

- Improved responsiveness of target HEIs to labor market needs in priority sectors identified in the national Industrial Development Policy;
- Improved equity and access to the target HEIs that ; and,
- Strengthened sector governance, including improved institutional management capacity at HEIs as well as improved sectoral quality assurance mechanism.

Expected results-indicators:

- An indicator of monitoring capacity of students related to improved teaching;
- Enrollment and completion rates of disadvantaged groups (female, poor, remote) among the enrolled students for target faculties to track equity; and,
- An indicator of the governance (such as the number of HEIs to publish minutes of board meeting.

D. Concept Description

The proposed project will include the following components:

Component 1: Promoting STEM and agricultural education

This component aims to enhance quality of teaching and research capacity of selected HEIs in the fields of science, technology, engineering, mathematics (STEM), and agriculture, while other priority areas would also be supported to mainstream the government development efforts. The government has prioritized STEM and agricultural education for achieving its Industrial Development Policy. The proposed sub-components are: 1.1 - Improving Quality of Teaching and Research; and 1.2 - STEM-focused scholarships. Component activities agreed upon are discussed below.

Sub-component 1.1 will improve quality of teaching and research capacity of STEM and agricultural fields in selected HEIs, with close collaboration with industries. The main activities will include: (i) undertaking curriculum reviews and modernization based on evidence; (ii) improve teachers' professional qualifications, including improving pedagogical capacity in partnership with one of the universities in the Association of Southeast Asian Nations (ASEAN); (iii) improving teaching learning and research facilities, including laboratory equipment, expansion of academic physical facilities, and learning materials; and (iv) strengthening the research capacity through the implementation of the competitive research funds (piloted under HEQCIP). A private sector advisory board will be involved in the formulation and implementation of these programs so as to improve the relevance and quality of programs.

Subcomponent 1.2 will improve access to higher education by placing focus on STEM and agricultural subjects. The main activities will finance targeted scholarships for the high performing students from the disadvantaged group (i.e., gender, geographic location, ethnic minorities, etc.) seeking access to HEIs, especially in STEM subjects. The scholarships will provide an increase in the share of enrollment for this target group in the priority areas.

Component 2: Strengthening the System of the Higher Education Sub-Sector

This component aims to strengthen the system of higher education sub-sector wide to overcome the issues caused by the rapid expansion during the last decade and ensure that the higher education system can produce graduates equipped with transferable skills and knowledge, especially in STEM and agriculture. The proposed sub-components will be: 2.1 - Strengthen Higher Education System through Capacity Development; and 2.2 - Project Management and Monitoring and Evaluation. Component activities agreed upon are discussed below.

Sub-component 2.1 will improve capacity of relevant agencies in order to strengthen the quality assurance system, governance framework, and policy analysis by supporting ACC, DHE, and ERC. Main activities will likely include: (i) supporting ACC to improve the accreditation system and offer practical guidance and support to HEIs; (ii) supporting DHE to improve the monitoring capacity through HEMIS, to build a measurement system on external efficiency of the HEIs (e.g. tracer study), and to improve institutional capacity of HEIs in governance, financial management, and human resource management for greater accountability; and (iii) supporting ERC to effectively carry out its education research and policy suggestions.

Sub-component 2.2 will cover project management and monitoring and evaluation of project progress and outcomes. This sub-component will likely include: (i) overall project management, coordination, and supervision of programs with selected HEIs; and (ii) monitoring and evaluation of project progress of outcomes to execute a results-based financing.

Component 3: Contingency Emergency Response

The objective of the contingent emergency response component, with a provisional zero allocation, is to allow for the reallocation of financing in accordance with the IDA Immediate Response Mechanism in order to provide an immediate response to an eligible crisis or emergency, as needed.

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SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

Most project activities are nationwide in scope and will involve technical assistance and capacity building activities to promote STEM and agricultural education, as well as strengthening the higher education system. While the activities to improve academic physical facilities, under sub-component 1.1, will involve civil works, the locations and designs of these investments will not be known until project implementation.

B. Borrower's Institutional Capacity for Safeguard Policies

The proposed Project follows a similar structure as the completed and ongoing education supported sector projects. In the past, MoEYS has successfully implemented a number of Bank-financed projects in the education sector, including the Education Sector Support Project (ESSP); Education Sector Support Scale Up Actin Program (ESSSUAP), the ongoing Second Education Sector Support Project (SESSP), as well as the Higher Education Quality and Capacity Improvement Project (HEQCIP). MoEYS has designated two Safeguards Focal Persons/Officers to be responsible for safeguards of all education supported projects from project design to implementation. They are familiar with Bank's safeguards policies and project cycle, and tools with extensive on-the-job training (including project monitoring and reporting) on infrastructure related to construction of school facilities. The Bank will assist and guide the Borrower with the preparation of safeguard instruments.

C. Environmental and Social Safeguards Specialists on the Team

Martin Henry Lenihan, Makathy Tep

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project will finance construction activities, which may include the rehabilitation/construction of student classrooms/buildings, the construction of a business incubation center, student training center, and an agro-industry lab, as well as the upgrading of existing lab facilities. These civil works will take place within the current Campus of Higher Education Institutions (HEIs). Some of the likely environmental adverse impacts are possible to anticipate includes dust, noise and construction waste and management of

		laboratory waste (storage and disposal). These are deemed be minor, temporary and site specific. After consultation with relevant key HEIs, no harmful pesticides or chemical products will be used. The ESMF that was developed under Higher Education Quality and Capacity Improvement Project (HEQCIP, 2010-2017) will be updated to take into account these new activities. The ESMF will also reflect the Environmental, Social and Health Safety (ESHS) guidelines for the civil works. Along with the civil works, the project will also have broader social impacts, particularly in relation to lowering the access threshold to higher education for women and disadvantaged group. It is therefore, proposed to conduct a social impact assessment to determine the main access barriers to higher education for women and disadvantaged groups in Cambodia. This will involve an analysis of the existing literature and secondary data relevant to the exclusion of these groups, as well as stakeholder interviews with key informants from the Universities, the Student body, as well as government and non-government agencies. The results of this assessment will feed into the development of an Equity Plan. The assessment and Equity Plan will also have a pillar focused on barriers to, and promotion of, the inclusion of indigenous (ethnic) groups (see below).
Natural Habitats OP/BP 4.04	No	The project will not cause any degradation of natural habitats as defined under the safeguard policy.
Forests OP/BP 4.36	No	The project will not degrade critical forest areas as defined under the safeguard policy.
Pest Management OP 4.09	No	The project will not involve any procurement of pesticides nor cause any increased use of pesticides.
Physical Cultural Resources OP/BP 4.11	No	The project will not adversely affect sites with archeological, paleontological, historical, religious, or unique natural values.
Indigenous Peoples OP/BP 4.10	Yes	This policy is triggered because one of the beneficiaries of the project, and the scholarship program in particular, will be members of Cambodia's 20 ethnic groups. A social assessment will be conducted, to inform the preparation of an Indigenous Peoples Plan, which will be embedded in an Equity Plan for Higher Education. Also, during preparation, the borrower will conduct a process of free, prior and informed consultation in order to ascertain broad

		support among ethnic communities for the project. The process of social assessment and free, prior and informed consultation will include participatory discussions on the possible project impacts and culturally appropriate inclusion mechanism in a representative sample of ethnic communities in Cambodia. These discussions will be structured to ensure the voice of women and young people likely to benefit from the project are given priority.
Involuntary Resettlement OP/BP 4.12	No	This policy is not triggered. Land acquisition, resettlement or impacts on livelihoods are not expected to result from the civil works that will be financed from the project. All civil works will take place on public land that is free from encroachment or squatting. A screening mechanism will be included in the environmental assessment process to ensure project activities will not result in land acquisition or resettlement impacts.
Safety of Dams OP/BP 4.37	No	The project does not involve any dams.
Projects on International Waterways OP/BP 7.50	No	The project does not involve international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The project will not be located in any known disputed areas as defined in the policy.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Sep 22, 2017

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The existing HEQCIP'S ESMF will be updated to reflect the activities of the proposed project, and the Equity Plan will be completed by September 22, 2017, prior to appraisal and disclosed immediately thereafter.

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APPROVAL

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