I. Introduction and Context

Country Context

Cambodia has established remarkable economic growth and macroeconomic stability in recent years. Its growth rate has averaged 12.9 percent per annum since 2002, and in 2011, real GDP increased by almost 10 percent. Per capita income has doubled over the past decade. This record has been achieved as Cambodia has managed its historical transition from a command-and-control economy toward greater market orientation, and ended its three-decade long conflict. The country’s economic growth has been mainly driven by four sectors (garments, tourism, construction, and agriculture) and has been underpinned by an open trade regime. Exports have increased by 23 percent per annum since 1998, and Foreign Direct Investment (FDI) has been greater than 6 percent of GDP in recent years. Cambodia’s openness began with its membership in the Association of Southeast Asian Nations (ASEAN) in 1999. With its accession to the World Trade Organization (WTO) in October 2004, it has become increasingly integrated into the world economy, a process which will be deepened by the coming ASEAN economic integration in 2015. This exposure,
However, has increased the impact of the recent global economic slowdown on the country. Growth slowed to 2.6 percent in 2008. In the second half of that year, the financial crisis affected foreign demand. International prices of Cambodian export commodities declined, export orders for garments and other industrial products collapsed, and a slowdown in manufacturing ensued. As it emerged from the crisis, economic growth recovered to 10.7 percent in 2010 and 9.3 percent in 2011.

Despite a decade of robust growth, Cambodia is still one of the poorest countries in Southeast Asia. Approximately 20 percent of its population earns less than US$1 per day, and about 24 percent of Cambodian citizens live below the poverty line. Daily life is characterized by vulnerability due to poverty, the existence of landmines, disability, and a high incidence of mortality and morbidity, the effects of which are exacerbated by the lack of effective social safety nets. One quarter of all households is headed by females, and 59 percent of the population relies on agriculture for their livelihood. The Government of Cambodia and the donor community are working together to address many of these issues, and some success has been realized over the past five years. During this time, poverty has been reduced by more than 60 percent in Phnom Penh and 44 percent in other urban areas. However, poverty reductions were significantly smaller in rural areas – about 22 percent.

Sectoral and Institutional Context

The Government of Cambodia, in its efforts to reduce poverty and increase prosperity, has recognized the key importance of education to its national development. In the basic education sub-sectors, the Education Strategic Plan (ESP) 2009 - 2013 has focused on two key issues: the achievement of universal access to high quality basic education; and the promotion of equity in educational opportunities to increase income and employment. This focus stems directly from recent sector trends. Net enrollments at the primary and secondary levels have increased over the past two decades (from 83.8 percent in 1992 to 96.4 percent in 2012 in primary, and from 16.6 percent in 2000 to 35.1 percent in 2012 in secondary). Similar positive achievements have occurred earlier in the education cycle. The early childhood education (ECE) enrollment rate for 5 year old children improved from 24.6 percent in 2004 to 52.7 percent in 2012. And household data from the Cambodia Social and Economic Survey confirms that the average entry age to Grade 1 reduced from 7.8 years old in 2004 to 6.8 years old in 2009.

In addition to improving access, the Government has taken additional steps to raise educational quality through national assessments, and the Ministry of Education, Youth, and Sport (MoEYS) has stated its aim to make national assessments an annual exercise. National Assessment System (NAS) subject tests of Grade 3, 6, and 9 in Khmer language and Math were instituted in 2006 and later followed up in 2010 to compare progress in learning outcomes over time. In the follow up examinations, the average score of Grade 3 students in the national assessment was 54 percent, compared to 48 percent several years earlier. Similarly, the average score of Grade 9 students improved to 68.3 percent against the earlier baseline of 43.8 percent. In 2011, the Ministry of Education, Youth, and Sports created the National Assessment Office (NAO) in the Quality Assurance Department. The NAO’s mandate is to assist the government with the institutionalization of national assessment, oversee and implement the national assessments, and build capacity to measure learning outcomes in the future. The NAO’s activities, however, remain in their incipient stages.

The expansion of access and the improvement of quality in basic education that started with the adoption of the ESP have been supported by the Education for All Fast-Track Initiative (EFA-FTI)
Project (2007-2012). The EFA-FTI Grant of US$57.4 million contained three components with the following objectives: (i) to increase the number of young Cambodians in disadvantaged communes who benefit from ECE services through the construction of new formal preschool classrooms as well as the development of new community-based and home-based ECE interventions; (ii) to promote universal primary completion through the construction of new primary classrooms and provision of demand-side incentives, while promoting Child Friendly Schooling initiatives to enhance educational quality and strengthening teacher professional capacity; and (iii) to enable decentralized educational management and monitoring by Departments of Education (DOEs), Provincial Offices of Education and central MoEYS staff.

The Cambodia EFA-FTI Grant has been instrumental in achieving many of the goals in the ESP. Indeed, many of the achievements of the Grant have been highlighted as global best practice. The improvement of the primary completion rate from 47 percent in 2004 to 83 percent in 2010 has been remarkable. The Global Partnership for Education (GPE), formerly known as EFA-FTI, has showcased the Cambodian experience with the Early Grade Reading Assessment (EGRA) as a global good practice to target reading literacy with tangible, observable results. The disability survey supported by the Grant piloted state of the art methodologies to use school systems to identify and respond to children's needs. The ECE component of the Grant has introduced new forms of service delivery modalities for three to five year olds and brought ECE for the first time into Cambodia’s development agenda. And the scholarship program impact evaluation has provided scientific evidence of the effectiveness of demand-side incentives. Despite these successes, a number of challenges face the education sector, related both to access and quality. A brief summary is given below:

- Fundamental gaps in providing quality education remain, particularly rooted in early childhood.
- In both primary and secondary education, large disparities in access and quality between regions, income groups and males and females continue.
- The lack of a systematic and institutionalized comparable assessment of student performance, starting from the earliest years, is a large obstacle to improving the quality of basic education.
- Moreover, the quality of teaching in primary and secondary schools in Cambodia is an area of concern.
- These challenges of access, learning, assessment, and teaching imply the need for a greater volume of resources flowing to these areas, but current government expenditure has not been able to keep pace with rising demand in spite of spending 1.8 percent of its GDP on education.
- Recurrent expenditure in the sector has been reduced in recent years.
- The estimated education funding gap to reach the primary net enrollment rate target of 100 percent after government budget and household contributions is roughly US$51 million for 2013.

Relationship to CAS
This project is closely related to the objectives of the Country Assistance Strategy (CAS), which
was last updated in May 2008, as well as the emerging Interim Strategy Note (ISN). The CAS proposed to build strong foundations for sustainable development and poverty reduction by investing in good governance, physical infrastructure, human capital, and the private sector. It is expected that the ISN will place a high priority on the improvement of access to and the quality of education.

This proposed project complements various on-going interventions by development partners (UNICEF, UNESCO, JICA, SIDA, ADB, and the EU), and speaks to a larger coherent vision for moving the sector forward and achieving long term positive impact.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)
The PDO is to assist the Government to expand access to Early Childhood Education (ECE) for 3-5 year olds and improve access to and quality of basic education for students, particularly those from disadvantaged backgrounds.

Key Results (From PCN)
- Enrollment ratio of children aged 3-5 in the urban and rural districts where new preschool facilities are provided (disaggregated by gender and income quintile);
- Percentage of districts reaching a primary completion rate of at least 80 percent;
- Secondary completion rate (disaggregated by gender and income quintile); and
- Percentage of students achieving minimum passing mark in Grade 3, 6, and 8 mathematics and Khmer assessments.

III. Preliminary Description

Concept Description
The proposed Grant is a follow-on operation of the EFA-FTI Project (ESSSUAP). It seeks to strengthen the foundation and build on the achievements of that Grant by supporting preschool education for the 3-5 age group and improving the access to and quality of education for disadvantaged and vulnerable students. These interventions complement the existing interventions of development partners operating in the country and will build capacity within the Ministry to sustain the interventions once the proposed project closes.

There are four components for the proposed project:

Component 1: Improving the Access and Educational Experience of Vulnerable and Disadvantaged Students (US$19,000,000)

This component aims to support the access to and quality of education for vulnerable and disadvantaged students through: (a) increased access to ECE and care for disadvantaged 3-5 year olds throughout the country; and (b) increased access to basic education services in rural and remote areas with a particular focus on disadvantaged children and children with disabilities.

Component 2: Benchmarking Student Competencies (US$9,000,000)

This component aims to improve the capacity in assessing and collecting data on student competencies through nationalizing Early Grade Reading and Mathematics Assessments (EGRA
and EGMA). The component will also provide monitoring support to schools and MoEYS, as well as technical assistance to the National Assessment Office.

Component 3: Improving the Current and Future Cohort of the Primary and Secondary Teaching Force (US$6,000,000)

This component aims to improve the current and future cohort of teachers through supporting: (a) Regional and Provincial Teacher Training Colleges throughout the country; and (b) the improvement of academic leadership of school principals and pedagogical training for contract teachers in rural and remote schools.

Component 4: Sector and Grant Management and Monitoring and Evaluation (US$4,500,000)

This component will support the enhancement of early childhood and primary education sub-sector results-based management under the Public Financial Management Reform Programme. The component will also encompass project grant management, monitoring and evaluation.

### IV. Safeguard Policies that might apply

<table>
<thead>
<tr>
<th>Safeguard Policies Triggered by the Project</th>
<th>Yes</th>
<th>No</th>
<th>TBD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>✗</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td></td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>Forests OP/BP 4.36</td>
<td></td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>Pest Management OP 4.09</td>
<td></td>
<td></td>
<td>✗</td>
</tr>
<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td></td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>✗</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td></td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>Safety of Dams OP/BP 4.37</td>
<td></td>
<td></td>
<td>✗</td>
</tr>
<tr>
<td>Projects on International Waterways OP/BP 7.50</td>
<td></td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>Projects in Disputed Areas OP/BP 7.60</td>
<td></td>
<td></td>
<td>✗</td>
</tr>
</tbody>
</table>

### V. Tentative financing

<table>
<thead>
<tr>
<th>Financing Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrower</td>
<td>0.00</td>
</tr>
<tr>
<td>Education for All - Fast Track Initiative</td>
<td>38.50</td>
</tr>
<tr>
<td>Total</td>
<td>38.50</td>
</tr>
</tbody>
</table>

### VI. Contact point

**World Bank**

Contact: Prateek Tandon
Title: Education Economist
Tel: 473-6449
Email: ptandon@worldbank.org
**Borrower/Client/Recipient**
Name: Ministry of Economy and Finance
Contact:
Title:
Tel:
Email:

**Implementing Agencies**
Name: Ministry of Education, Youth, and Sports
Contact:
Title:
Tel:
Email:

**VII. For more information contact:**
The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop