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Report No: PAD519

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

GLOBAL PARTNERSHIP FOR EDUCATION GRANT

IN THE AMOUNT OF US\$38.5 MILLION

TO THE

KINGDOM OF CAMBODIA

FOR A

SECOND EDUCATION SECTOR SUPPORT PROJECT

MARCH 3, 2014

Human Development Sector Unit
East Asia and Pacific Region

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CURRENCY EQUIVALENTS
(Exchange Rate Effective January 31, 2014)

Currency Unit = US\$
4,093 KHR = US\$1
0.000244 US\$ = KHR 1

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AOP	Annual Operational Plan	GPI	Gender Parity Index
ASEAN	Association of Southeast Asian Nations	HBPS	Home Based Pre-School
CAS	Country Assistance Strategy	IFR	Interim (unaudited) Financial Reports
CBA	Cost-benefit analysis	IP	Indigenous People
CPS	Community Pre-school	IPPF	Indigenous Peoples Planning Framework
DOE	District Office of Education	IRR	Internal rate of return
ECE	Early Childhood Education	ISN	Interim Strategy Note
ECOP	Environmental Codes of Practice	M&E	Monitoring and Evaluation
EFA-FTI	Education for All Fast Track Initiative	MoEYS	Ministry of Education, Youth and Sports
EGMA	Early Grade Math Assessment	NAS	National Assessment System
EGRA	Early Grade Reading	NPV	Net present value
EMIS	Education Management Information System	ORAF	Operational Risk Assessment Framework
ESMF	Environmental and Social Management Framework	PAD	Project Appraisal Document
ESP	Education Strategic Plan	PMC	Project Management Committee
ESSSUAP	Education Sector Support Scale Up Action Program	PMT	Project Management Team
FDI	Foreign Direct Investment	POE	Provincial Office of Education
FM	Financial Management	QAO	Quality Assurance Office
FMM	Financial Management Manual	SA	Social Assessment
GER	Gross Enrollment Ratios	SESSP	Second Education Sector Support Project
GGF	Good Governance Framework	TTC	Teacher Training College
RGC	Royal Government of Cambodia	WTO	World Trade Organization
GPE	Global Partnership for Education		

Regional Vice President:	Axel von Trostsenburg
Country Director:	Ulrich Zachau
Sector Director:	Xiaoqing Yu
Sector Manager:	Luis Benveniste
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CAMBODIA
Second Education Sector Support Project

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PAD DATA SHEET

Cambodia

Cambodia Global Partnership for Education Second Education Sector Support Project (P144715)

PROJECT APPRAISAL DOCUMENT

EAST ASIA AND PACIFIC

EASHE

Report No.: PAD519

Basic Information			
Project ID P144715	EA Category B - Partial Assessment	Team Leader Beng Simeth/Prateek Tandon	
Lending Instrument: Investment Project Financing	Fragility or Capacity Constraints []		
	Financial Intermediary []		
	Series of Projects []		
Project Implementation Start Date March 4, 2014	Project Implementation End Date January 31, 2017		
Expected Effectiveness Date March 4, 2014	Expected Closing Date July 31, 2017		
Joint IFC No			
Sector Manager Luis Benveniste	Sector Director Xiaoqing Yu	Country Director Ulrich Zachau	Regional Vice President Axel von Trostsenburg
Borrower: Kingdom of Cambodia			
Responsible Agency: Ministry of Education, Youth and Sports			
Contact: Telephone No.: 012 513 366	H.E. Nath Bunroeun	Title: Secretary of State Email: efa_cambodia@online.com.kh	
Approval Authority			
Approval Authority This project is being financed by a grant from the Global Partnership for Education (GPE) and per OP10.00 requires management approval. please explain This is a project to be funded by the Global Partnership for Education. RVP approval is required for Bank internal processing.			

Project Financing Data(in USD Million)									
<input type="checkbox"/> Loan		<input checked="" type="checkbox"/> Grant		<input type="checkbox"/> Other					
<input type="checkbox"/> Credit		<input type="checkbox"/> Guarantee							
Total Project Cost:		38.50			Total Bank Financing:		0.00		
Total Cofinancing:					Financing Gap:		0.00		
Financing Source				Amount (US\$ Million)					
Borrower				0.00					
Global Partnership for Education (GPE) Program Implementation Grant				38.50					
Total				38.50					
Expected Disbursements (in US\$ Million)									
Fiscal Year	2014	2015	2016	2017	2018				
Annual	1.00	24.00	12.00	1.00	0.50				
Cumulative	1.00	25.00	37.00	38.00	38.50				
Proposed Development Objective(s)									
The objectives of the Project are to assist the Recipient to: (i) expand access to early childhood education for 3-5 year olds; and (ii) contribute to improved access to and quality of basic education, particularly for those from disadvantaged backgrounds.									
Components									
Component Name					Cost (USD Millions)				
Improving the Access and Educational Experience of Vulnerable and Disadvantaged Students					23.8				
Benchmarking Student Competencies					4.3				
Improving Cambodia's Teaching Force					2.5				
System Strengthening and Monitoring and Evaluation					7.9				
Institutional Data									
Sector Board									
Education									
Sectors / Climate Change									
Sector (Maximum 5 and total % must equal 100)									
Major Sector			Sector		%	Adaptation Co-benefits %		Mitigation Co-benefits %	
Education			Primary education		50				
Education			Pre-primary education		30				

Education	Secondary education	20		
Total		100		
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.				
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Human development	Education for all	100		
Total		100		
Compliance				
Policy				
Does the project depart from the CAS in content or in other significant respects?		Yes []	No [X]	
Does the project require any waivers of Bank policies?		Yes []	No [X]	
Have these been approved by Bank management?		Yes []	No []	
Is approval for any policy waiver sought from the Board?		Yes []	No [X]	
Does the project meet the Regional criteria for readiness for implementation?		Yes [X]	No []	
Safeguard Policies Triggered by the Project		Yes	No	
Environmental Assessment OP/BP 4.01		X		
Natural Habitats OP/BP 4.04			X	
Forests OP/BP 4.36			X	
Pest Management OP 4.09			X	
Physical Cultural Resources OP/BP 4.11			X	
Indigenous Peoples OP/BP 4.10		X		
Involuntary Resettlement OP/BP 4.12			X	
Safety of Dams OP/BP 4.37			X	
Projects on International Waterways OP/BP 7.50			X	
Projects in Disputed Areas OP/BP 7.60			X	
Legal Covenants				
Name	Recurrent	Due Date	Frequency	
Institutional Arrangements	X			
Description of Covenant				
Obligation of the Recipient to carry out the Project through MoEYS, and to maintain at all times during the implementation of the Project the PMC (including its Secretariat) and PMT with functions, staff and resources satisfactory to the Bank.				

Name	Recurrent	Due Date	Frequency
Operational Manual	X		
Description of Covenant			
Obligation of the Recipient to carry out the Project in accordance with the Operations Manual.			
Name	Recurrent	Due Date	Frequency
Safeguards	X		
Description of Covenant			
Obligation of the Recipient to carry out the Project in accordance with the ESMF and IPPF, including the preparation of EMPs and IPPs as applicable in accordance with the ESMF and IPPF.			
Name	Recurrent	Due Date	Frequency
Project Reports			Semi-Annual
Description of Covenant			
Description: Obligation of the Recipient to furnish to the Bank semi-annual reports on the progress of the project			
Team Composition			
Bank Staff			
Name	Title	Specialization	Unit
Prateek Tandon	Sr. Economist	Team Lead	EASHE
Simeth Beng	Sr. Operations Officer	Team Lead	EASHE
Tsuyoshi Fukao	Education Specialist	Education	EASHE
Raja Bentaouet Kattan	Sr. Education Specialist	Education	LCSHE
Atsuko Muroga	Operations Officer	Education	EASHE
Manush Hristov	Sr. Counsel	Legal	LEGES
Sreng Sok	Procurement Specialist	Procurement	EASR2
Sophear Khiev	Financial Management Analyst	Financial Management	EASFM
Reaksmey Keo Sok	Financial Management Specialist	Financial Management	EASFM
Tep Makathy	Environmental Specialist	Environmental Safeguards	EASSD
Satoshi Ishihara	Sr. Social Safeguards Officer	Social Safeguards	EASTS
Chau-Ching Shen	Sr. Finance Officer	Disbursement	CTRLN
Ravan Chieap	Program Assistant	Administrative and Client Support	EACSF

Chandra Chakravarthi	Program Assistant	Administrative and Client Support	EASHD		
Rajiv Aggarwal	Consultant	Construction Engineer	EASHD		
Non Bank Staff					
Name	Title	Office Phone	City		
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Cambodia					

I. STRATEGIC CONTEXT

A. Country Context

1. **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 6.7 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 2011.¹

2. **Despite a decade of robust growth, Cambodia is still one of the least developed 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 Royal Government of Cambodia (RGC) 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.²

B. Sectoral and Institutional Context

3. **The RGC, 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 (and its forthcoming successor) 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

¹ World Development Indicators

² Ibid.

percent in 2012 in primary, and from 16.6 percent in 2000 to 35.1 percent in 2012 in secondary), and girls have achieved good access to equal educational opportunities (the Gender Parity Index - GPI- for net enrollment in 2011/2012 was 0.99 in primary; 1.13 in lower secondary; and 1.05 in upper 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 56.5 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 2009.³

4. **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 Grades 3, 6, and 8 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.⁴ In 2011, the MoEYS created the Quality Assurance Office (QAO) in the Quality Assurance Department. The QAO'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 QAO's activities, however, remain in their incipient stages.⁵

5. **The expansion of access and the improvement of quality in basic education that started with the adoption of the ESP have been supported by Cambodia's Education for All Fast-Track Initiative (EFA-FTI) Project (2008-2012).** The EFA-FTI Grant of US\$57.4 million contained three components with the following objectives: (a) to increase the number of young Cambodians in disadvantaged communes who benefit from Early Childhood Education (ECE) services through the construction of new formal pre-school classrooms as well as the development of new community-based and home-based ECE interventions; (b) 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 (c) to enable decentralized educational management and monitoring by District Offices of Education (DOEs), Provincial Offices of Education (POEs), and central MoEYS staff.

6. **Cambodia's 2008-2012 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 (Figure 1). The Global Partnership for Education (GPE), formerly known as EFA-FTI, has showcased Cambodia's experience with the Early Grade Reading Assessment (EGRA) as a global good practice to target reading literacy with tangible,

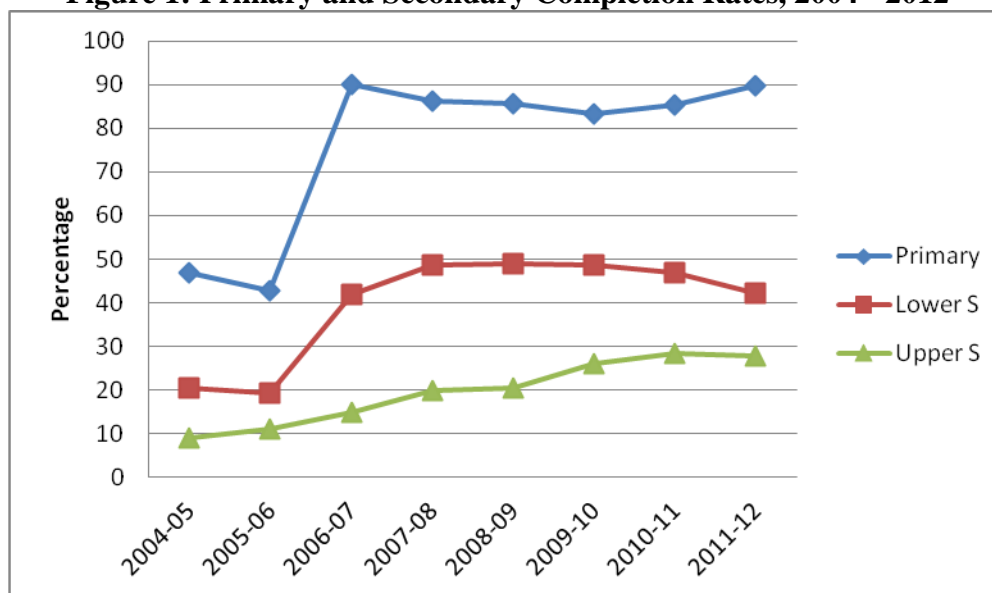
³ MoEYS Education and Management Information System (EMIS)

⁴ "Implementation Completion and Results Report: Cambodia Education Sector Support Project", World Bank, 2012. (ICR00002291)

⁵ Cambodia Education for All Fast Track Initiative Completion Report, the World Bank, 2013. (ICR00002696)

observable results.⁶ 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 Grant's ECE component has introduced new forms of service delivery modalities for 3-5 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. Annex 6 describes these successes in greater detail.

Figure 1: Primary and Secondary Completion Rates, 2004 - 2012



Source: EMIS

Key Issues Facing the Education Sector

7. **While Cambodia has made remarkable progress in expanding access and improving the quality of its basic education, fundamental gaps in provision remain, particularly rooted in early childhood.** Currently 77.5 percent of Cambodia's 3-4 year-olds do not have access to ECE due to the lack of pre-school facilities. If unaddressed, this lack of access to early childhood education can have far-reaching consequences: children lacking access to ECE services, particularly those from disadvantaged backgrounds, will face lower school readiness, which lowers student achievement, increases dropout, and hampers overall educational quality down the line. Further, there is a lack of information on disparities of those who do have access in terms of child development outcomes (weight, height, social/emotion, and cognitive development) to gauge the efficacy, strengths, and weaknesses of the system.

⁶ Preliminary baseline and follow up analysis of EGRA showed improvements in student literacy. A full-scale analysis of the results is under way to capture information on the quality of the process undertaken and review the state of the data.

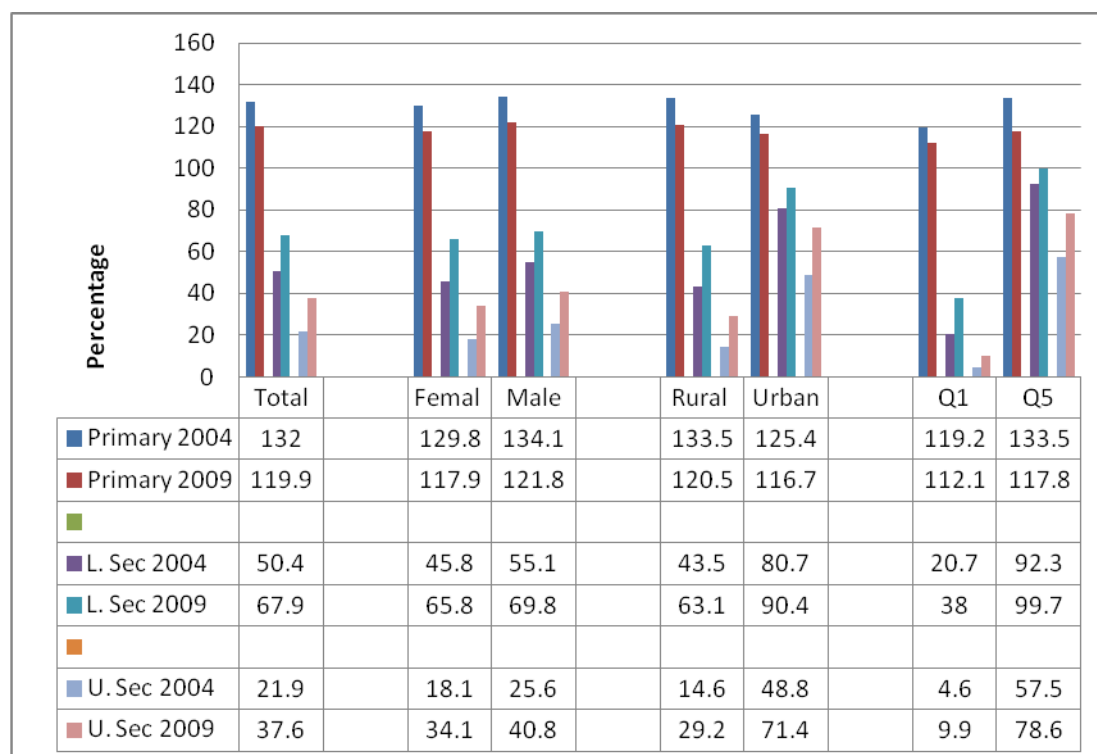
Box 1: Implementation Lessons from the Education Sector Support Scale-up Action Program (ESSSUAP)’s Pre-school Interventions

A recent World Bank policy note presented the results from an evaluation of three large-scale ECE programs that had moved beyond an initial pilot phase – formal pre-school, informal (community) pre-school and a home-based early childhood program – that were supported by the ESSSUAP. The evaluation showed weak short-run effects for the three modalities tested. The authors posited that low individual take up, the short duration of program exposure, and implementation challenges were the factors driving these results. To address these constraints, they have recommended future engagement in the sub-sector pilot interventions that: (a) address the demand side constraints (such as communication campaigns aimed at increasing parents’ awareness about the benefits of pre-school); (b) review the content and relevance of the pre-school curriculum for the 3-5 year-old target population; and (c) work with the Government to raise monthly teacher wages and ensure their regular payment. The policy note underscores the importance of strong implementation, and the team will include these lessons during preparation.

Source: Bouguen, Filmer, Macours, and Naudeau (2012)

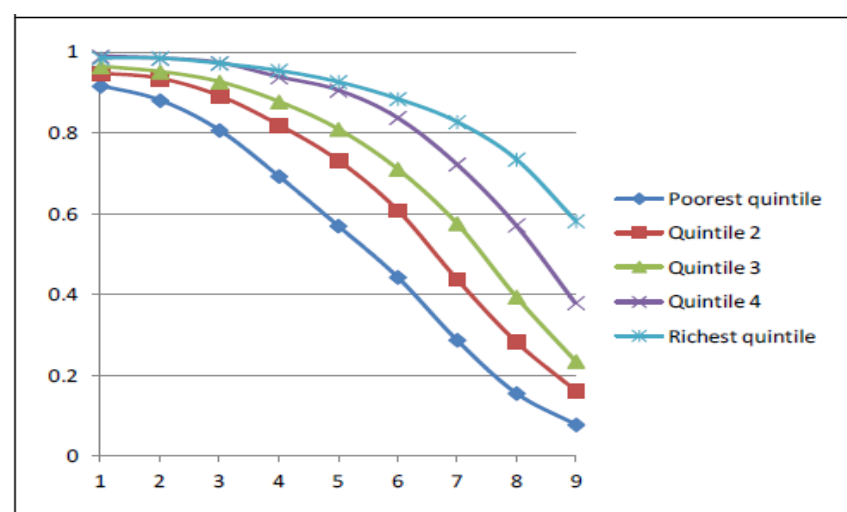
8. **In other areas of the education cycle, large disparities in access and quality between regions, income groups and males and females continue.** In basic education, universal access has still not been achieved, and the large majority of out-of-school children come from the poorest quintile of the population (Figure 2): 62,000 children are out-of-school at the primary level and 170,000 are out-of-school at the secondary level. The majority of these out-of-school children come from disadvantaged backgrounds: in upper secondary education, more than 40 percent of students are from the richest income quintile. While Cambodia has a tradition of demand-side incentives intended to raise school enrollment and attendance rates, most of these programs have been targeted at the lower secondary school level. Two rigorous evaluations of the impact of these programs have shown substantial increase in school enrollment and attendance as a direct consequence of these programs. Recipients are on the order of 20 to 30 percentage points more likely to be enrolled in and attending school as a result of the scholarships. Nevertheless, the evaluations showed that programs that target the transition to secondary school might be missing the poorest of the poor, as they have already dropped out of school (Figure 3).

Figure 2: Gross Attendance Rate, 2004 and 2009



Source: CSES 2004 and 2009

Figure 3: Proportion of 15 to 19 years olds who have completed each grade, by quintile



Source: DHS 2010

9. **In basic education, uneven quality between urban and rural areas is also a challenge.** The 2010 EGRA conducted for 24,000 students in grade 1-6 found that 33 percent could not read at all, while 47 percent could not comprehend what they had read. Further evaluations found large disparities in performance between urban and rural schools. Although data from other recent national assessments on Khmer language and mathematics showed improvements over time, they also found low overall levels of student performance, with

disparities in outcomes between poor and non-poor and rural and urban students. Moreover, additional evaluations conducted under the EFA-FTI project showed that many primary and secondary students suffered from impairment or disability and achieved lower scores than other students on learning assessments. 47 percent of these students were classified by their teachers as “slow learners” and 18 percent had hearing impairments. The instance of impairment or disability was significantly higher in poor students than non-poor students.

10. Furthermore, a large obstacle remains in improving the quality of basic education: the lack of a systematic and institutionalized comparable assessment of student performance, starting from the earliest years. Emerging evidence shows that education quality (rather than quantity) is the best predictor of economic growth. International experience and research on assessments have shown that they can serve as a critical tool to promote accountability and improve the quality of education systems. However, an institutionalized national assessment system has yet to fully take root, and the capacity to undertake assessments is constrained. As a result, policy makers and educational institutions in Cambodia do not have a reliable and comparable measure of student learning to use in informing policy, improving quality and fostering public accountability. Furthermore, the lack of benchmarking of student means Cambodia lacks information on both the strengths and weaknesses of existing efforts to improve the quality of education in Cambodia and provide inputs for corrective action. The absence of such a system has also meant that national capacity is low for systematic measuring of learning outcomes in the future.

11. In addition to developing the culture of student assessment and improving student learning, Cambodia has also prioritized the quality of its teaching force in its national sector strategy. MoEYS has initiated the development of comprehensive teacher policy reform, investigating how teachers are recruited, developed and deployed throughout the country. These steps are timely, as conclusive international evidence has shown that the quality of teachers is the most important factor in improving the quality of education. Research from around the world shows that teachers knowledge and ability to transfer that knowledge are a key predictor of student achievement. In fact, teacher effectiveness has been found to be the single most important school-based predictor of student learning.⁷

12. However, the quality of teaching in primary and secondary schools in Cambodia is an area of concern. In addition to evidence from student learning outcomes, facility level surveys have indicated low quality teachers are inhibiting the performance of the system. Studies have shown low wage levels, the lack of a merit-based personnel system, and a lack of support for teachers as they are retained and developed throughout the system have led to a cadre of poorly equipped and poorly motivated teachers. Of particular concern is the situation in rural, remote and disadvantaged areas. The basic education sub-sector faces a critical challenge of finding enough qualified teachers to supply rural and remote areas. Among all EFA-FTI schools, 22 percent of teachers were either contract teachers or not qualified to the standard of “9+2” set by the MoEYS. Although Teacher Training Centers (TTCs) produce a pool of approximately 4,000 teachers for primary and lower secondary schools annually, a lack of teaching and learning materials, low content knowledge of teacher trainers, and an insufficient intake of teacher trainees have contributed to low quality graduates. To deal with this shortage of qualified

⁷ Hanushek and Rivkin 2010.

teachers, multi-grade teaching, double-shift teaching, local area recruitment and training for community contract teachers have become the norm. Structural changes to how teachers are recruited, developed, trained and maintained are needed, if educational quality is to improve.

13. Preliminary findings from a Bank-commissioned study on how teachers are groomed, retained, and maintained reveals a teacher training system that is not very dynamic, and does not appear to be reaching a high level of quality in terms of preparing teachers for future service. The key issues include: (a) a fairly low attendance rates of trainees in classes; limited use of educational materials during classes; (b) a reliance on relatively simple question and answer recitation in classes, and an absence of verifying trainee learning during lessons; (c) limited interaction between teacher trainers within TTCs, and very little observation, support and supervision of trainer activities in classes by school directors and personnel from MoEYS departments; (d) very limited awareness, or use, of the new Teacher Standards for preparing teachers in Cambodia; and (e) low levels of content knowledge of higher level mathematics among trainees, trainers, and teachers, even among some subject specialists, and evidence of less-than-adequate knowledge of specialized teaching knowledge for mathematics.

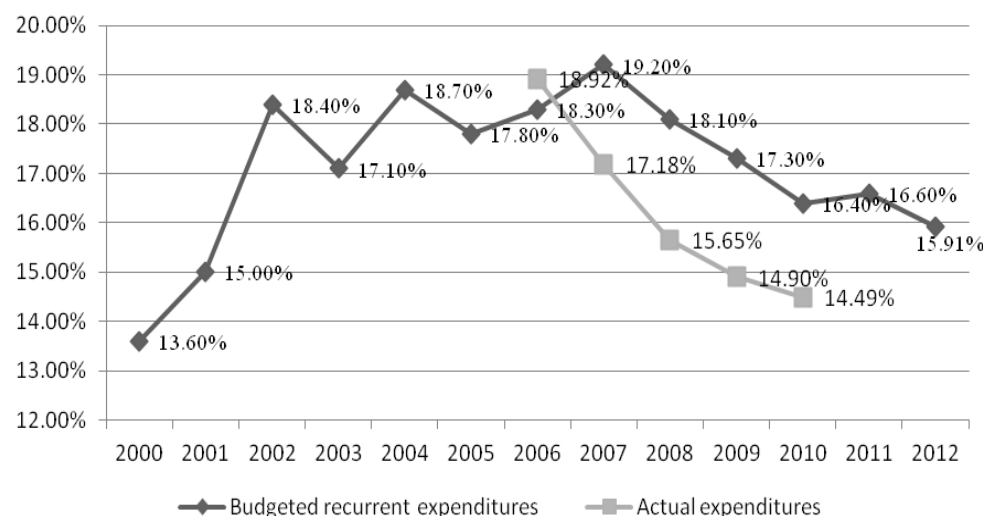
14. These challenges of access, learning, assessment, and teaching imply the need for a greater volume of resources flowing to these areas, but current government expenditure has not been able to keep pace with rising demand. Cambodia spent 1.8 percent of its GDP on education in 2010, a low figure relative to its neighbors.⁸ A growing population that is dispersed and distant makes it costly to deliver educational services. In 2011, per student expenditure in primary school was about US\$40, and that in lower secondary education was about US\$114. The majority of spending on education (about 75 percent) has been directed toward recurrent costs, and relatively little has been directed toward capital expenditure.⁹

15. Recurrent expenditure in the sector has been reduced in recent years. The recurrent education budget reached 19.2 percent of the national budget in 2007 but has been reduced to less than 16 percent last year. Moreover, what has been allocated to the sector has not been fully spent in recent years due to poor budget planning. In 2010, the education budget was under-spent by approximately US\$30 million (about 15 percent - see Figure 4). Low teacher salaries have been an issue, and the largest under-spent item is remuneration. In 2010, this line item was under-spent by over US\$20 million. Budget formulation and execution and institutional capacity are serious issues of concern.

⁸ Edstats database

⁹ Ibid.

Figure 4: MoEYS Budgeted and Actual Recurrent Expenditures



Source: Education Sector Working Group, 2006; European Commission, 2012

16. **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.** The funding gap consists of both recurrent expenditures – which include salaries, training, utilities, insurance, and other expenses – and capital expenditures – which include the construction and rehabilitation of schools and the purchase of new furniture, equipment, toys, and learning materials. The Government thus seeks aid from international donors to cover part of expenditures for the years 2014 and onwards.

C. Higher Level Objectives to which the Project Contributes

17. **The higher level objectives to which the Second Education Sector Support Project (SESSP) contributes are inclusive growth and the reduction of inequality by extending access to pre-primary and primary education to children from disadvantaged communities and contributing to improved educational quality.** The selection of construction sites across the country focuses on districts with low gross enrollment ratios (GER) in pre-primary and primary education, which is tantamount to targeting service provision to the underserved, poorer areas. Moreover, emerging evidence shows that education quality (rather than quantity) is the best predictor of economic growth. The project supports the development of the national assessment system and the upgrading of teacher quality to help improve the overall quality of pre-primary and primary education.

18. **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.

19. The proposed interventions under the SESSP are also aligned with the Bank's twin goals of eradicating extreme poverty and increasing shared prosperity. The literature on human capital has documented the positive correlation between human capital investment and social and economic development. Investments in education significantly contribute to poverty eradication and wealth creation, as higher educational attainment significantly increases the probability of getting a paid job and has a large and positive impact on monthly wage earnings. This well-known contribution laid the foundation for one of the landmark pledges at the 2000 UNESCO-sponsored World Education Forum in Dakar that provided a sustainable and well-integrated sector framework – Education for All – that clearly linked education with poverty elimination and social and economic development.

20. Since the Dakar forum, international evidence has shown that access to and permanence in the education system, while necessary, are not sufficient to achieve reduced poverty and greater shared growth. Education systems need to be of sufficient quality to ensure that their graduates acquire the basic, soft, and sector-specific skills needed to function efficiently and effectively on the job, adapt as workers or managers in a rapidly evolving technological society, and innovate and compete as entrepreneurs not only in developing new products but also in adopting those produced elsewhere.

21. In addition to be aligned to the Bank's twin goals, the proposed project also complements various on-going interventions by development partners, such as the United Nations Children's Fund (UNICEF), United Nations Educational, Scientific and Cultural Organization (UNESCO), Japanese International Cooperation Agency (JICA), Swedish International Development Agency (SIDA), Asian Development Bank (ADB), and the European Commission (EC). It also speaks to a larger coherent vision for moving the sector forward and achieving long term positive impact. The finalization of interventions was coordinated closely with the Education Sector Working Group (ESWG) and the refinement of the ESP.

II. PROJECT DEVELOPMENT OBJECTIVES (PDO)

A. PDO

22. The objectives of the project are to assist the recipient to: (i) expand access to early childhood education for 3-5 year olds; and (ii) contribute to improved access to and quality of basic education, particularly for those from disadvantaged backgrounds.

B. Project Beneficiaries

23. The project's main beneficiaries will include children in remote areas, those from poor families and those with disabilities with careful attention to gender equality. The project will also support teachers, principals and MoEYS staff through training and capacity building activities.

C. PDO Level Results Indicators

24. The results indicators will include both service delivery and outcome indicators and are being proposed to be in line with the revision to the ESP. The proposed PDO-level indicators are:

- Enrollment ratio of children aged 3-5 in the urban and rural districts where the new 70 formal and 1,000 community based pre-school facilities are provided (disaggregated by gender);
- Percentage of students in Grades 3 reaching 45-60 words per minute on the Early Grade Reading Assessment (EGRA);
- Percentage of primary teachers applying effective EGRA teaching methods as defined by classroom observation; and
- Lower secondary enrollment rate (disaggregated by gender)

25. These data will be derived from information collected through the Education Management Information System (EMIS). The relevant core indicators will also be tracked.¹⁰

III. PROJECT DESCRIPTION

A. Project Components

26. The proposed Grant is a follow-on operation of the EFA-FTI supported ESSSUAP. It seeks to strengthen the foundation and build on the achievements of that Grant by supporting pre-school education for the 3-5 age group and improving the access to and quality of education for Cambodia's disadvantaged and vulnerable populations. These interventions complement the existing interventions of Cambodia's development partners and will build capacity within the Ministry to sustain the interventions once the proposed project closes.

27. The new project will focus on two dimensions. First, it will seek to enable equitable access to education through both supply- and demand-side interventions. This strategy will involve: (a) an expansion of early childhood education; and (b) the reduction of access barriers through targeted scholarships to encourage disadvantaged children to attend school at the primary and lower secondary level. The second strategic dimension will nurture educational quality improvements. This will entail: (a) strengthening the national assessment monitoring system; and (b) improving the pedagogical skills of the current and future cohort of Cambodia's teaching workforce.

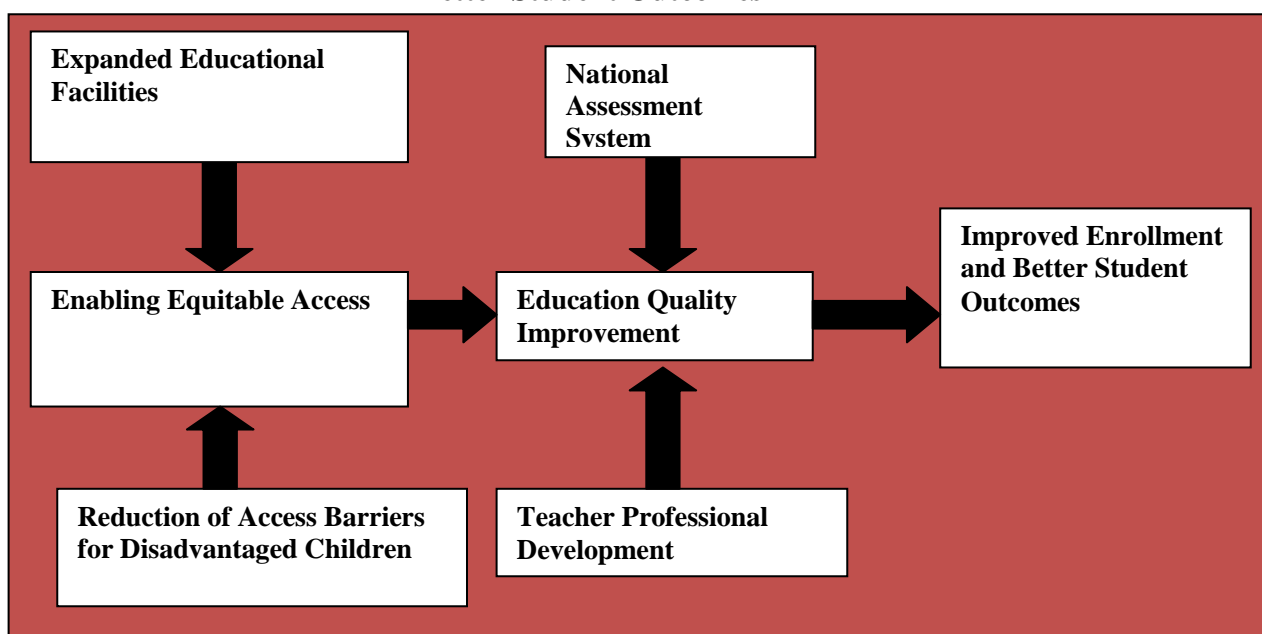
28. The theory of change underpinning the project is schematically depicted in Figure 5 below. First, both supply- and demand-side barriers to schooling access will be lifted by project interventions. Children must have schools available in their vicinity, and their participation must

¹⁰ Each PDO indicator will contribute to the achievement of the individual, longer-term ESP Core Breakthrough Indicators. These ESP indicators include, among others, monitoring the percentage of 5 year olds enrolled in all aspects of ECE and increasing primary and lower secondary completion rates. The PDO indicator related to ECE (and the intermediate indicator specific to 5 year olds), for example, will contribute to the monitoring of the percentage of 5 year olds in all aspects of ECE by allowing for a comparison with national level data on the participation of 5 year olds in ECE. This will make it possible to identify positive correlations in relation to GPE support and the scaling up of its interventions. PDO indicators 2, 3, and 4 will address low educational quality, a factor underpinning low completion rates in both primary and basic education. The Joint Sector Reviews will provide opportunities to ensure the coherence between project support, its PDO indicators, its support for national assessment and sub-sector monitoring, and the monitoring of the ESP.

be supported through incentive schemes (“scholarships”) that can reduce the direct or opportunity costs of attendance. To help improve learning, an independent national assessment system will monitor progress and provide specific feedback to educators and policymakers to guide the education system towards improved student participation and academic achievement outcomes. These quality interventions will be complemented by professional development efforts to enhance principal and teacher technical capacity to deliver academic programs more effectively.

29. All activities included under the SESSP have been endorsed by the ESWG. These activities have also been agreed upon by the Joint Technical Working Group in June 2013. The SESSP design was also reviewed at an open workshop led by the Secretary of State and Directors Generals that utilized focus groups to assess investment proposals and put forward recommendations for improvement.

Figure 5: Second Education Sector Support Project: Towards Improved Completion and Better Student Outcomes



30. There are four components for the proposed project:

Component 1: Improving the Access and Educational Experience of Vulnerable and Disadvantaged Students (US\$23.8 million)

31. Sub-component 1.1 *Expanding Access to Early Childhood Care and Development (ECCD)* will increase access to early childhood education and care for disadvantaged 3-5 year olds throughout the country by improving current services to meet service standards, expanding new services with standards and increasing access in rural and remote areas without ECE services. The sub-component’s main activities will include: (a) the construction of approximately 100 school buildings including formal pre-school and primary school classrooms and 500 community based ECE pre-school classrooms; (b) the establishment of approximately 500 home-

based pre-schools and 1,000 community-based ECE pre-schools; (c) providing intensive training for ECE national trainers; (d) the provision of training to “core and lead parents¹¹”, as well as support for the country’s 24 national ECE resource centers; (e) the provision of teaching and learning materials for new and existing community-based and home-based programs, and small kits of goods to “core and lead parents”; (f) the delivery of a communication campaign aimed at increasing parents’ awareness about the benefits of pre-school; and (g) the provision of parental education to pregnant mothers and mothers of children under two years old.

32. Sub-component 1.2 *Increasing Access to Basic Education Services* will increase access to basic education services in rural and remote areas, including for disadvantaged children and children with disabilities. The main activities under this sub-component will be: (a) expanding Cambodia’s successful primary and secondary scholarship program for poor and disadvantaged students; and (b) providing vision and hearing support to students who have poor vision and hearing through teacher training on disability screening, and an expansion of MoEYS’s on-going school health program.

Component 2: Benchmarking Student Competencies (US\$4.3 million)

33. Sub-component 2.1 *Implementing nationwide Early Grade Reading and Mathematics Assessments (EGRA and EGMA)* will finance the development and provision of textbooks for reading and mathematics, as well as training to school administrators and teachers in preparation for the nationwide administration of the assessment tests. Specific activities will include: (a) administering the assessment tests to primary school students; (b) scoring and grading the assessment tests; (c) data capturing and entry; (d) quality control mechanisms of the results; and (e) using the results of the assessments to support system pedagogical and curricular improvement through the wide dissemination of results at various fora with high-level policy makers.

34. In addition to the rollout of the assessments, sub-component 2.2 *Supporting National Assessment* will also provide technical support to the Education Quality Assurance Department (EQAD) related to the national assessments for grades 3, 6, 8 and 11, and support the annual review of EGRA and EGMA results.

Component 3: Improving Cambodia’s Teaching Force (US\$2.5 million)

35. This component will focus on the systemic challenge of raising teacher quality in Cambodia. Sub-component 3.1 *Improving Pedagogical Training* will provide in-service Inclusive Education training to support teachers in improving classroom management practices and teaching methodologies for those with disabilities to help foster individualized instruction. Additionally, the EGRA training supported by the project will focus on improving phonemic awareness and letter recognition among students.

36. Sub-component 3.2 *Strengthening School Leadership* will support the improvement of academic leadership of school principals. The sub-component will provide in-service training

¹¹ Core parents provide parental education to parents in the villages that join the home-based community pre-schools; lead parents provide parental education to parents who live in nearby homes.

and hands-on support to school principals to help them provide more effective management of and academic direction to teachers. The training will also focus on helping school directors improve their school development planning and assessment systems.

Component 4: System Strengthening and Project Management and Monitoring and Evaluation (US\$7.9 million)

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

38. In regards to sub-sector management, main activities of sub-component 4.1 *Strengthening System Management* will include: (a) the construction of 20 District Education Offices; (b) providing training to central, provincial and district education officials as well as School Support Committee members to develop and implement a unified early childhood and primary education sub-sector monitoring system; (c) providing technical assistance and support to district education offices, particularly those in rural areas, to enable them to provide effective academic management support to schools; (d) conducting semester and annual sub-sector reviews and planning; (e) developing a new student tracking system to replace the existing paper-based student record keeping practice; and (f) capacity building to MoEYS staff for financial management (including public financial management reform), procurement, and internal audit.

39. Sub-component 4.2 *Project Management and Monitoring and Evaluation* will cover the management of the GPE grant including external audit and monitoring and evaluation of the progress and outcomes of the project. In addition, this sub-component will provide necessary equipment for all MoEYS departments. MoEYS will execute the proposed project, and the implementation arrangements build on the previous experience of the MoEYS in project implementation with the World Bank-financed Cambodia Education Sector Support Project and the recently-closed EFA-FTI Grant. The institutional structure will include staff from the MoEYS as well as national and international technical advisors financed by the project. For the enhancement of sector and sub-sector results-based management, resources (financial, physical and human) for this office would be assured as part of Component 4. These will be described in detail in the Operational Manual.

B. Project Financing

Lending Instrument

40. The project will be financed by a grant in the amount of US\$38.5 million from the GPE. The lending instrument is Investment Project Financing, and the project will finance works, goods, services, training, scholarships, and incremental operating costs.

Project Cost and Financing

Project Components	Project cost (US\$M)	GPE Financing (US\$M)	% Financing
1. Improving the Access and Educational Experience of Vulnerable and Disadvantaged Students	23.80	23.80	100
2. Benchmarking Student Competencies	4.30	4.30	100
3. Improving the Cambodia's Teaching Force	2.50	2.50	100
4. System Strengthening and Project Management and Monitoring and Evaluation	7.90	7.90	100
Total Costs	38.50	38.50	100
Total Project Costs	38.50	38.50	
Total Financing Required	38.50	38.50	

C. Lessons Learned and Reflected in the Project Design

41. Key lessons learned incorporated into the SESSP design include:

- **Children who have positive early learning and development experiences can make a better transition to primary school.** They are more likely to be enrolled in primary school at the right age, less likely to repeat grades and drop out of school, and thus more likely to complete primary school on time. Provision of early learning, especially for the most vulnerable and disadvantaged children, is essential to expand right age enrollment of primary education in Cambodia.
- **At the same time, quality and implementation of ongoing ECE programs in Cambodia will be strengthened to generate better outcomes.** As described in Box 1, an ESSSUAP ECE evaluation showed weak short-run effects for all of the three modalities tested, largely because of implementation shortcomings. It was recommended that future engagement in the sub-sector pilot interventions that: (a) address the demand side constraints (such as communication campaigns aimed at increasing parents' awareness about the benefits of pre-school); (b) review the content and relevance of the pre-school curriculum for the 3-5 year-old target population; and (c) work with the Government to raise monthly teacher wages and ensure their regular payment.
- **Targeting students with high academic potential—while ensuring to include poorest students—has been proven to be an effective targeting approach for demand-side incentive programs in Cambodia.** Two rigorous impact evaluations conducted under ESSSUAP on the primary scholarship program determined whether granting scholarships on the basis of poverty, or merit would be more effective. These two different targeting approaches shed light on the potential tradeoff between efficiency and equity. In the end,

such a tradeoff was not particularly stark because students from wealthier families were not necessarily the higher-scoring ones. This finding has informed the targeting of the scholarship program being proposed under this Project.

- **Significant improvements in student access to primary schooling have given way to concerns over educational quality.** Student outcomes and academic achievement need to be systematically measured and monitored in order to appraise the effectiveness, progress and impact of the MoEYS education reform agenda.
- **Changing the way that reading is taught had large and measurable effects on reading skills.** In collaboration with the GPE, EGRA were supported by the ESSSUAP. The results of the EGRA tests in 2010 and 2012 showed that changes in the way Khmer is taught had large positive impact on students' reading skills. The proposed GPE project will provide an avenue to build upon these positive findings by scaling up the EGRA methodologies nationwide.
- **Effective contract management is essential to quality service delivery.** Civil works contracts and construction deadlines can be managed well by implementing a set of measures to prevent delays. These measures include: (a) agreeing on detailed milestones to monitor the implementation of contracts; (b) making amendments to the contract if the expected final completion date is modified; (c) enforcing penalties for failure to achieve milestones; and (d) setting and monitoring cash flow requirements.
- **Implementation and monitoring of the Good Governance Framework has helped clarify the lines of responsibilities in the MoEYS in decision making process, thus improving service delivery.** The appropriate legal framework for effective fiduciary management such as the audit law, organic budget law, anti-corruption law, public procurement law, and standard operating procedures for all externally funded projects/programs in Cambodia are in place. The Good Governance Framework includes various elements for improving transparency and accountability through strengthened procurement arrangements and financial management, enhanced public disclosure, involvement of civil society, a complaints mechanism, a code of ethical conduct, and sanctions, and has been an essential anti-corruption action plan in the education sector (ESSSUAP and the Higher Education Quality and Capacity Improvement Project (HEQCIP)). With this in place, as well as the previously adopted Financial Management Manuals, and Operational Manuals for previous projects in the sector, MoEYS has clearer lines of who will make decisions for the project. The proposed project builds on these implementation arrangements.
- **Establishing a clear framework for policy and program review enables prompt attention to planning needs.** The experience with the establishment of the PMC with participation of key Ministry decision makers has enabled rapid approval of strategic directions.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

42. SESSP will be implemented under a similar structure to ESSSUAP, which was implemented from July 2008 to December 2012. The project will be implemented at the national, provincial, district and school levels over a period of three calendar years (from March 2014 to July 2017). MoEYS will assume overall responsibility for coordination and implementation of the project, including procurement, disbursement and financial management.

43. At the highest level, the Project Management Committee (PMC) established by the MoEYS, will be responsible for the oversight of the ESP in order to streamline policy development, strategic planning and implementation decision making processes. The PMC is comprised of MoEYS leaders, including Secretaries of State. The Project Management Team (PMT), led by a Secretary of State and comprised of Directors General and directors of various departments of MoEYS, provides support to the PMC and bears a central role in project implementation. Implementation arrangements have been designed to ensure that overall education policy direction is analyzed from a variety of angles and policy decisions are followed into implementation through the overall coordination of the Directors General. It is also envisaged that the PMC would progressively assume oversight responsibility of donor-financed projects. The PMC will be embedded within the Ministry's overall strategic program and budget as well as within the context of overall Government planning. Regular PMC meetings, with meetings of the Secretariat of Directors General in the intervening weeks, are intended to ensure that well informed collective leadership decisions on emerging policy and operational decisions are promptly made and implemented through the education system management structure of departments, provinces, districts and schools.

44. As a part of its responsibilities for the full program of MoEYS, the PMC's responsibilities for overseeing implementation include: (a) approving SESSP annual activities and budget allocations; (b) overseeing progress and compliance with agreed guidelines; (c) commissioning and approving required accounts and reports; and (d) ensuring agreed audit requirements are satisfied. The Secretary of State in charge of Education for All will have overall oversight for grant management and act as MoEYS liaison officer to the World Bank.

45. Project implementation will be carried out by existing MoEYS departments—including Construction, Early Childhood Education, Primary Education, Teacher Training, General Secondary Education, Education Quality Assurance, School Health, Curriculum Development, Personnel, Finance, Planning, Material and State Property, Internal Audit, and Provincial and District Education Offices—in order to build long-term systemic capacity and ensure sustainability. The implementation by departments will be closely monitored by the PMT. Bi-monthly PMT meetings are intended to ensure the operational progress by sub-sector of early childhood education and primary education and across each level of project implementation, as well as ensure fiduciary progress including financial management and procurement.

46. The Early Childhood Education component will be implemented in coordination with National Early Childhood Care and Development Committee and other related ministries, such

as Ministry of Health (MoH), the Ministry of Interior (MoI) and Ministry of Women's Affairs (MoWA).

47. The Construction Department team will work closely with Personnel, Early Childhood Education, and Primary Education Departments and Provincial Education Offices to make sure that graduate teachers from TTC will be deployed to the schools where school buildings have been provided. The Construction Department will coordinate several construction engineer consultants, regional engineers as well as local engineer consultants (one per ten sites) responsible for supervising civil works. The Construction Department will also work closely with POE and Early Childhood, and Primary Education Departments for the community contracting method.

48. The Directorate General of Administration and Finance will be charged with all grant-related planning, monitoring, procurement and financial management, safeguards, and reporting responsibilities. SESSP will not rely on a Project Implementation Unit, but relevant departments will be eligible for Technical Assistance support as necessary. National and international consultants will provide guidance to ministry line departments, POEs and DOEs. Implementation support is currently envisioned to include: (a) a policy advisor to the PMC; (b) ECE local consultants; (c) financial management, procurement and internal audit advisors; and (d) NGO and individual consultant services at the local level to support vision and hearing improvement programs and to build District Training and Monitoring Team (DTMT) capacity. In addition, consultant services may be recruited to provide additional support in scaling up ongoing operations such as administering the scholarship program, supervising school facilities construction or providing training and workshops. The project will collaborate with main NGOs in the field to build operational synergy and improve the quality of service delivery performance. Full integration in implementation strives to ensure that the capacity of all stakeholders involved in providing education services will be improved and overall MoEYS institutional capacity is strengthened.

49. The Grant will not finance any ad-hoc salary supplements for Government staff working on SESSP.

50. Sub-sector Budget Strategic Plans will be prepared to provide the 3-year planning framework for Annual Operational Plan (AOP). The AOP developed by early childhood and primary education sub-sectors list the departments' responsibilities, and include government-, other DP-, and SESSP-financed activities. Related procurement plans will be prepared at the national level after consolidating inputs from provincial, district and school levels.

B. Results Monitoring and Evaluation

51. The relevant departments of MoEYS will monitor the indicators of the project; this will be done within the monitoring and evaluation framework of the Master Plan. The proposed monitoring indicators are provided in Annex 1. The data related to output indicators will be provided semi-annually, while MoEYS will provide outcome-related data annually. The progress in meeting the monitoring indicators will be reviewed by the Bank semi-annually. All data collected will be disaggregated by gender and in some cases by district, in order to understand and respond to specific issues.

C. Sustainability

52. The Project will be sustainable because of the track record of the Government in implementing projects to meet the goals of the ESP in extending access and improving quality of education to benefit all children. For this project, only the key activities for achieving the ESP have been selected by MoEYS and DPs as interventions. The Ministry has budgeted in its MTEF and ESP forecast that it will assume responsibility for each project activity in the outer years. The Government's recurrent cost in the amount of US\$20.87 million per annum for teachers given in the state budget includes the cost of the new teachers to staff the schools constructed by the project.¹² This provides additional assurance that these costs are embedded in the public expenditure framework and will be sustained after project closure. Moreover, the Government has already started procurement of construction design even before the Grant had been allocated.

53. To assist with capacity for executing project activities, a detailed Operational Manual has been developed to guide project implementation. This manual will provide MoEYS staff with a comprehensive set of written policies and procedures for, among other things, routine tasks, administrative activities, records management, and documentation. Moreover, individual technical and fiduciary consultants, whose terms of reference are included in the Operational Manual, will complement the fiduciary training provided by the Bank and will assist MoEYS in daily implementation activities. The dissemination of national assessment results, their discussion at the Education Congress to improve sector functioning, and the integration of EGRA data into the EMIS will foster public accountability that will further contribute to sustainability. Finally, the overwhelming enthusiasm of parents and communities for pre-school education has provided an additional insurance that the project will be sustained from the demand side. Since there is full technical and operational alignment with the ESP, a financial commitment already displayed by the Government in its financial forecasts, and project activities being embedded in the current public expenditure framework, the sustainability risk is relatively low.

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary Table

Risk Category	Rating
Stakeholder Risk	Low
Implementing Agency Risk	
- Capacity	Substantial
- Governance	Moderate
Project Risk	
- Design	Low
- Social and Environmental	Low
- Program and Donor	Low

¹² Cambodia Medium Term Expenditure Framework, Ministry of Economy and Finance, 2013.

- Delivery Monitoring and Sustainability	Moderate
Overall Implementation Risk	Moderate

B. Overall Risk Rating Explanation

54. The overall implementation risk is **moderate**, primarily because of the capacity risks associated with the project. Nevertheless, it is encouraging that MoEYS is thoroughly familiar with the proposed financing modality, and that many of the proposed activities have been implemented in various projects before, including the previous EFA-FTI grant in Cambodia.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

55. **The project's development impact.** The project will have significant development impact through generating better educational attainment which leads to the increased private returns. The Bank team has prepared a cost-benefit analysis (CBA) of the project's interventions based on the actual quantity and costs of the project interventions as implemented under the ESSSUAP and a reasonable projection of costs moving forward. The expansion of the ECE and the scholarship scheme for disadvantaged children are amenable to this type of analysis and were appraised in a CBA. The program's direct costs were estimated based on current levels. The CBA allows for the calculation of indirect costs and benefits both with the program and without the program.

56. The results of this economic analysis demonstrate that the financial outcomes from the ECE expansion program and scholarship scheme for disadvantaged children are significant, with a combined net present value (NPV) of US\$17.95 million and an internal rate of return (IRR) of 14.9 percent. The ECE service expansion sub-component has a NPV of US\$16.78 million and an IRR of 14.8 percent. The NPV and IRR of scholarship scheme for disadvantaged children are estimated at US\$1.17 million and 16.59 percent, respectively. To assess the validity of these results under different assumptions, a thorough sensitivity analysis was conducted by changing several important assumptions. The results remained robust to changes in virtually all of the critical variables.

57. Beyond private financial benefits computed, exposure to ECE services has been documented to have impacts on improving school outcomes such as lower repetition and dropout rates, higher enrollment rates, better long-term cognitive development, and greater school attainment. In addition, improved educational attainment through expansion of access to ECE and the scholarship scheme for disadvantaged children could support the easing of socio-economic inequality by addressing inequality in opportunities, fostering improved nutritional outcomes and school readiness, and providing other benefits. The scholarship scheme for disadvantaged children also ameliorates socio-economic inequality. Additionally, Barrera-Ororio and Filmer (2013) documented that Cambodian schools where disadvantaged children were awarded scholarships have experienced improvement in school attendance among non-beneficiary children, a positive peer effect of the scholarship on non-treated children.

58. **Rationale for public sector financing.** The rationale for government intervention and financing for the improvement of access and quality of early childhood and basic education is strong. First, investing early in the education cycle is efficient since waiting to invest in human capital until adulthood is more costly; the older one becomes, the higher the opportunity cost of keeping that person in remedial programs such as second chance education programs. Evidence from a number of countries demonstrates that the rate of return to each dollar of education investment decreases with age.¹³ Second, severe underinvestment in education may occur where people underestimate the returns of education. Several studies have found that male students in the last year of primary school severely undervalued the benefits of moving up to and completing secondary school, and such misperceptions consequently resulted in high dropout rates.¹⁴ Third, keeping children in school has been shown to prevent enormous social difficulties such as substance abuse, violence, crimes and other risky behaviors. Studies have also found that education encourages active citizenship as measured by voter participation¹⁵ and increases female participation in labor market by delaying the age of childbearing.¹⁶

59. **The Bank's value added.** The World Bank has been an active supporter of Cambodia's education sector and has added value in implementing the proposed areas of support through its previous engagements. The proposed GPE project includes the scale up and continuation of many of the activities which were successfully tested under the previous EFA-FTI funded project, ESSSUAP. In particular, core activities such as formal and informal ECE service provisions, primary and secondary scholarship programs, and student assessment in reading and mathematics are areas where the Bank has extensive knowledge and operational technical experience, both in Cambodia and globally.

B. Technical

60. The project draws on best-practice reform efforts in Cambodia and also other countries. Proposed components are embedded within the ESP 2014-2018. The proposed project was prepared through a lengthy consultative process. Innovations—such as home- and community-based early childhood education service delivery modality, demand-side incentives (scholarships) to reduce education access barriers for disadvantaged children, strengthening decentralized education quality improvement planning and teacher professional development, and school improvement grants—have all been piloted by MoEYS during the past few years.

¹³ Heckman, J. J. & Lochner, L. (1999). Rethinking Education and Training Policy: Understanding the Sources of Skill Formation in a Modern Economy. Mimeo.

¹⁴ World Bank (2006). *World Development Report 2007: Development and the Next Generation*. Washington, DC: The World Bank.

¹⁵ Hall, J. C. (2006). Positive externalities and government involvement in education. *Journal of Private Enterprise*, 21(2), 165-175.

¹⁶ Behrman, J. R., Murthy, A., Quisumbing, A., Ramakrishna, U. & Young, K. (2006). What is the real impact of education on age of first parenthood and family formation? *Background paper for the World Bank World Development Report 2007*.

C. Financial Management

61. The implementing agency has an existing and adequate financial management (FM) system under the previous ESSUAP. This system will be updated to reflect new aspects of the Project such as chart of accounts, customized financial reports in Peachtree software, controls over small kits of goods to parents, and more controls over soft expenditure. The updated project financial management manual (FMM) has been completed. Also, some of the staff who implemented the ESSUAP will be assigned to carry out the FM responsibilities of the Project.

62. Key FM risks are identified in the areas of soft expenditure and quality of civil works. Mitigating measures proposed include tighter controls over soft expenditure which will be incorporated in the FMM. The quality of civil works will be randomly checked by an independent consultant engaged with the Bank. The community oversight and complaint mechanism set out in the Operational Manual will continue to be applied to control activities implemented at the community/school level.

63. In order to monitor financial performance and progress, in addition to the external audit on the annual financial statements, quarterly Interim (unaudited) Financial Reports (IFR) will be submitted to the Bank no later than 45 days after the end of each quarter, and the Bank will review and seek clarification on unexpected financial and/or physical relationships. The FM supervision also will be regularly performed every six months to review controls, to reassess FM risks and to provide more remedial actions over FM aspects. The MoEYS will carry out the FM in accordance with the provisions of the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines"). Further details on FM under the Project are included in Annex 3.

D. Procurement

64. The governance environment in Cambodia can continue to improve. Current levels of government salaries have contributed to low incentives for performance and may impede the performance of some government staff.

65. The procurement of contracts financed wholly or partially by this project will be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated January 2011. The procurement of consultant services financed in whole or in part by Grant funds will be carried out in accordance with the Bank's "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011, and the provisions stipulated in the Grant Agreement and the agreed Procurement Plans.

66. MoEYS has implemented four projects financed and administered by the World Bank. Under these projects, different departments were assigned to carry out procurement. Although the procurement under the proposed project will be carried out by the procurement unit of the MoEYS, which was responsible for the procurement under the ESSUAP, its staff still has limited procurement capacity to follow World Bank's Guidelines because the majority of medium and large packages under ESSUAP were procured by the International Procurement Agent (IPA).

67. The procurement risks of this project will be managed and mitigated through the wide range of measures that are being incorporated into the project design and the grant agreement. These measures include capacity strengthening and extensive requirements for improving governance, including the promotion of transparency and accountability in the procurement process. Further details about procurement are provided in Annex 3.

E. Social (including Safeguards)

68. The project has a strong focus on children in remote areas, those from poor families and those with disabilities and aims to provide better access to ECE and better access to and quality of basic education services.

69. The World Bank's safeguard policy OP 4.10 on Indigenous Peoples (IPs) is triggered because some identified potential project areas are inhabited by IPs.

70. A Social Assessment (SA) was conducted in March 2013 to evaluate the project's positive and adverse effects on potential subproject sites and to examine project alternatives where adverse effects may be significant. Free, prior and informed consultation was conducted in two IP communes (Sekong and Krang Teh) selected from a pool of potential project sites during the social assessment exercise. The assessment showed strong support from the communities for the implementation of the project and identified project benefits to the IPs. An Indigenous Peoples Planning Framework (IPPF) was prepared and disclosed on August 11, 2013 in Phnom Penh on the MoEYS website and on August 22, 2013 in Washington, D.C. at the InfoShop. The IPPF provides guidance for the development of site-specific IPPs (Indigenous Peoples' Plans) that will be developed during implementation. A social safeguards specialist will be hired under the Project Management Committee (PMC) and will be responsible for the overall implementation of the IPPF, and the preparation, implementation and disclosure of site-specific IPPs for each project site in which IP are present. For purposes of IP planning preparation, during project implementation consultations will be undertaken with each community where the project will be located. The project social safeguard specialist is required to hold a half-day public consultative meeting prior to the appraisal of each activity that involves civil works and to prepare meeting minutes summarizing issues or concerns raised by IPs during the meeting.

71. A pool of potential construction sites have been identified, all of which are located on MoEYS-owned lands. The construction activities for the ECE classrooms will be extensions of existing primary school facilities within their current grounds' boundaries, and DoE constructions will occur on vacant MoEYS-owned lands. Based on site visits to a sample of primary schools throughout the country, the task team has confirmed that no acquisition of land under the project, no relocation or loss of shelter, no loss of assets or access to assets and no loss of income sources or means of livelihood will occur. No legacy issues exist, and physical relocation will not be necessary. Therefore, Bank's OP4.12 on Involuntary Resettlement was not triggered. In the sector's previous projects in Cambodia, the Cambodia Education Sector Support Project (2005-2011) and the Cambodia Education Sector Support Scale Up Action Program (2008-2012), which included similar interventions, neither land acquisition nor physical relocation was necessary. The MoEYS is asked to keep copies of the stamped certifications of the land entitlement from the Phnom Penh municipal authority and other local governmental

authorities on file. Having these documents on file will likely be helpful if further questions about the land entitlement issues come up.

F. Environment (including Safeguards)

72. The project's potential environmental impact is deemed to be minor, site-specific, and short-term in nature, for which mitigation measures can be readily designed. The project's environmental category is "B" given the nature and small scale of the proposed civil works under the project, and a formal environmental assessment report was not necessary. However, to mitigate potential inconveniences or nuisances for surrounding areas during construction, an Environmental and Social Management Framework (ESMF). The ESMF contains an Environmental Management Plan (EMP¹⁷) and the Environmental Codes of Practice (ECoP) for the project. The ESMF lays out screening procedures for sub-projects and includes relevant information on the management of environmental issues. As the types of construction activities to be supported by the project are of small scale and site-specific, the ECoPs covers mitigation measures for generic impacts on school construction and operations-related activities and the provisions for "chance-find" procedures to be applied in the event that cultural heritage is subsequently discovered during implementation. These guidelines contain specifications to address environmental and sanitation issues, including construction dust and noise control, waste and construction site management, safety controls, provision of clean water and sanitation facilities, unexploded ordinance removal, and asbestos-containing material demolition management. Site-specific environmental management plans will be prepared for each construction site prior to work commencement. The ESMF has been publicly disclosed on August 11, 2013 in Phnom Penh on the MoEYS website and in Khmer language in community libraries throughout the country, as well as in the InfoShop in Washington, D.C. on August 22, 2013.

G. Other Safeguards Policies Triggered

73. Not applicable.

¹⁷ The EMP used for the ESSSUAP was updated for the purposes of the proposed project.

Annex 1: Results Framework and Monitoring
CAMBODIA: SECOND EDUCATION SECTOR SUPPORT PROJECT

Project Development Objectives

PDO Statement: The objectives of the Project are to assist the Recipient to: (i) expand access to early childhood education for 3-5 year olds; and (ii) contribute to improved access to and quality of basic education, particularly for those from disadvantaged backgrounds.

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			
Indicator one: Enrollment ratio of children aged 5 in the urban and rural districts where new 100 formal and 1,000 community based pre-school facilities are provided (disaggregated by gender)	<input type="checkbox"/>	%	56.49 (49.5 female)	56.49 (49.5 female)	57.49 (50.5 female)	58.49 (51.5 female)	59.49 (51.5 female)	59.49 (51.5 female)	Annual	M&E report	ECED (Early Childhood Education Dept)
Indicator two: Percentage of students in Grades 3 reaching 45-60 words per minute on the Early Grade Reading Assessment	<input type="checkbox"/>	%	83.9	85	90	90	90	90	Annual	M&E report	PED (Primary Education Dept)
Indicator three: Percentage of primary teachers applying effective EGRA teaching methods as defined by classroom observation criteria	<input type="checkbox"/>	%	0	30	40	50	50	50	Annual	Classroom Observation Surveys	PED

Indicator four: Lower Secondary enrollment rate (disaggregated by gender)	<input type="checkbox"/>	%	35.1 (37.4 female)	35.1 (37.4 female)	36.1 (38.1 female)	36.1 (38.1 female)	37.1 (38.1 female)	37.1 (38.1 female)	Annual	Existing dataset	EMIS (MoEYS), HHS (Ministry of Planning)
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Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			
Intermediate results indicator one: Number of children aged 3-5 reached by project supported ECE services (70 Formal-based Pre-schools, 1000 Community-based pre-schools, 500 Home-based pre-schools)	<input type="checkbox"/>	Number	0	5,000	28,500	28,500	32,500	32,500	Annual	M&E report	ECED
Intermediate results indicator two: Enrollment ratio of children aged 5 in the urban and rural districts where new 100 formal and 1000 community based pre-school facilities are provided (disaggregated by gender) ¹⁸	<input type="checkbox"/>	%	56.5 (53.5 female)	56.5 (53.5 female)	62 (58.7 female)	66 (62.5 female)	71 (67.2 female)	71 (67.2 female)	Annual	M&E report	ECED
Intermediate results indicator three: Number of students receiving project financed scholarships	<input type="checkbox"/>	Number	0	0	133,000	133,000	133,000	133,000	Annual	M&E report	PED, SED (Secondary Education Department)

¹⁸ To align with the ESP Core Breakthrough Indicator

Intermediate results indicator four: Number of teachers completing training on disability screening	<input type="checkbox"/>	Number	0	0	800	1,600	2,000	2,000	Annual	M&E report	PED
Intermediate results indicator five: Percentage of ECE formal services rated as level 5 overall on the Early Childhood Environment Rating Scale-R metric through classroom-observation evaluation (50 FPS, 100 CBPS selected)	<input type="checkbox"/>	%	0	0	15	30	30	30	Annual	M&E report	ECED
Intermediate results indicator six: Average age of students entering grade 1	<input type="checkbox"/>	Number	6.9	6.9	6.8	6.8	6.8	6.8	Annual	Existing dataset	HHS (CSES)
Intermediate results indicator seven: EGMA rolled out in 5 provinces	<input type="checkbox"/>	Yes/No	No	No	Yes	Yes	Yes	Yes	Once during the project	M&E report	PED
Intermediate results indicator eight: Roll out of Grades 3, 6, and 8 National Assessments (each assessment once during the project lifecycle) and publication of their results	<input type="checkbox"/>	Yes/No	No	No	Yes	Yes	Yes	Yes	Annual	M&E report	Quality Assurance Department
Intermediate results indicator nine: Number of Community ECE teachers and core parents reached by training and materials supported by the project	<input type="checkbox"/>	Number	0	350	1,000	1,850	1,850	1,850	Once during the project	M&E report	ECED

Intermediate results indicator ten: Number of principals completing leadership training	<input type="checkbox"/>	Number	0	400	800	1,600	1,600	1,600	Annual	M&E report	TTD
Intermediate results indicator eleven: Number of District Offices of Education constructed	<input type="checkbox"/>	Number	0	0	4	12	20	20	Annual	M&E report	DoC (Dept of Construction)
Intermediate results indicator twelve: Number of provinces implementing a unified early childhood and primary education sub-sector monitoring system	<input type="checkbox"/>	Number	0	2	5	7	12	12	Annual	M&E report	ECED, PED
Intermediate results indicator thirteen: Number of provinces implementing a unified early childhood and primary education sub-sector planning system Plans	<input type="checkbox"/>	Number	0	2	5	7	12	12	Annual	M&E report	ECED, PED, SED
Intermediate results indicator fourteen: Number of project beneficiaries (number), of which are female (%)	X	Number	0 (45%)	5,750 (45%)	142,500 (45%)	166,550 (45%)	170,950 (45%)	170,950 (45%)	Annual	M&E report	ECED, PED, SED
Intermediate results indicator fifteen: Number of additional qualified primary teachers resulting from project interventions beneficiaries (number)	X	Number	0	0	2,000	6,000	6,000	6,000	Annual	M&E report	PED
Intermediate results indicator sixteen: System Assessment at the primary level	X	Yes/No	No	No	Yes	Yes	Yes	Yes	Annual	M&E report	PED

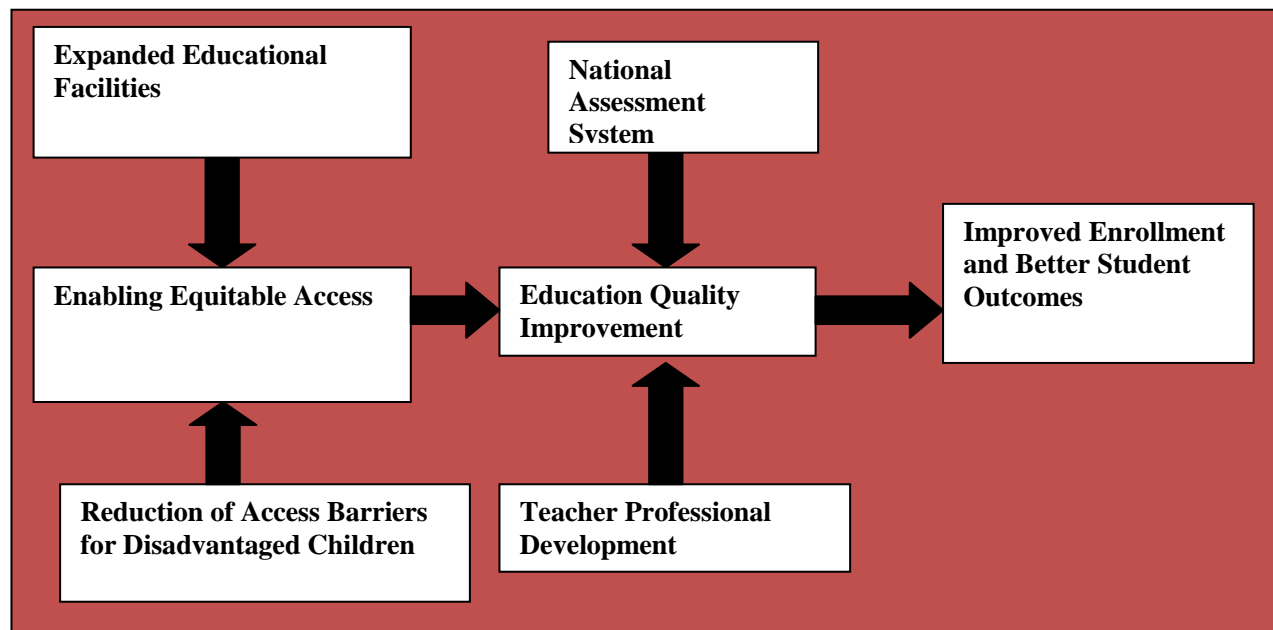
Utility of the learning assessment system	X	Number Type Supplemental	0	0	1	1	1	1	Annual	M&E report	PED
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Annex 2: Detailed Project Description

CAMBODIA: SECOND EDUCATION SECTOR SUPPORT PROJECT

1. The project is organized around four focal areas:
 - Component 1: Improving the Access and Educational Experience of Vulnerable and Disadvantaged Students
 - Component 2: Benchmarking Student Competencies
 - Component 3: Improving Cambodia's Teaching Force
 - Component 4: System Strengthening and Monitoring and Evaluation
2. All activities included under SESSP have been part of MoEYS's GPE grant application, previously endorsed by the Education Sector Working Group. These activities have also been agreed upon by the Joint Technical Working Group in June 2013. SESSP design was also reviewed at an open workshop led by Secretary of State and Directors Generals that utilized focus groups to assess investment proposals and put forward recommendations for improvement.

Figure A2.1: Second Education Sector Support Project: Towards Improved Completion and Better Student Outcomes



Component 1: Improving the Access and Educational Experience of Vulnerable and Disadvantaged Students (US\$23.8 million)

3. The objective of this component is to increase: (a) access to ECE services and care for disadvantaged children aged 3-5 years across the country; and (b) access to basic education services at the primary and lower secondary levels.

4. The goal is to both improve current ECE services to meet standards, expand new services and increase access. This component also places particular weight on increasing access to basic education services in rural and remote areas without ECE service, particularly for disadvantaged (out-of-school) children and children with disabilities. The Construction Department will be responsible for civil works and the Early Childhood Education Department responsible for project implementation of ECE activities. The Primary Education Department leads in administering primary scholarships with support for disabled children provided by the School Health Department, while the Secondary Education Department is responsible for secondary scholarships.

Sub-component 1.1: Expanding access to early childhood care and development (ECCD)

Establishment of new pre-schools in three modalities

5. SESSP will finance the construction of formal pre-school and primary school classrooms on the premises of 100 existing primary schools in selected rural/remote areas, a number agreed with MoEYS after a demand-supply analysis conducted under the current ESP. Criteria for selecting construction sites include: (a) existence of a high number of prospective students; (b) readiness and capacity of MoEYS to staff these schools with sufficient teachers; (c) high repetition rates in grades 1 and 2; and (d) availability of suitable land for school construction. Formal pre-school classrooms will target about 25-35 children each.

6. In addition to formal pre-schools, SESSP will support the establishment of 1,000 community pre-schools (CPSs) and 500 home-based pre-schools (HBPS). CPSs are to be established by constructing basic shelters within public areas or utilizing existing community space in selected rural/remote villages. Criteria for selecting community pre-school sites include: (a) the possibility to establish linkages with existing home-based programs established under ESSUAP; (b) the existence of a high number of prospective students; (c) readiness and capacity of communes to staff these schools with teachers; (d) high repetition rates in grades 1 and 2; and (d) availability of suitable public land for the construction of shelters. CPS classrooms will target about 25-35 children each, between the ages of 3-5 years old (priority given to the oldest in this age range). It is expected that each CPS will be staffed by a community ECE teacher trained at the provincial level. MoEYS will work together with the National ECCD Committee in partnership with the MoWA and the MoI to ensure that Commune Councils can use their annual budgets to finance monthly incentives (remuneration) offered to community ECE teachers.

7. Home-based pre-school-eligible villages will be selected according to the following specific criteria: (a) villages with CPS; (b) village poverty level; (c) number of children ages 0-5; (d) comparative nutritional status; and (e) net admission and repetition rates in Grade 1. Priority will be given on the basis of implementation readiness status and local interest.

Support quality inputs

8. In-service training (INSET) plays a key role in improving the quality of inputs and sustainability of the program. SESSP will finance ECE national and sub-national trainers (26 and 275 respectively), “core parents” and “lead parents” serving HBPSs, pre-school teachers,

primary school teachers and contract teachers who teach pre-school classes. 2,440 out of 4,275 formal pre-school teachers and 1,450 community pre-school teachers out of 2,419 nationwide will be covered by the formal pre-school or CPS teacher training. In addition to INSET, the Early Childhood Education Department will provide appropriate teaching and learning materials, and coordinate national and sub-national core trainers to provide routine but adequate on-the-job pedagogical support, and supervisory services to all ECE service providers. Experienced core parents and CPS teachers in non-target provinces will exchange knowledge and skills through local networks.

9. In order to facilitate active community involvement and enhance community ownership of ECE programs, community sensitization activities will take place in collaboration with MoWA. It is expected that each commune supported by SESSP will form an ECE Working Group network involving various ECE stakeholders (including pre-school and CPS teachers, HBPS core parents, primary school directors, Grade 1 teachers, MoH staff, commune councils, commune focal points for women and children, village chiefs, etc). A sensitization/mobilization campaign will take place in all eligible villages.

10. ECE teachers are expected to conduct regular parenting meetings with families of children ages 0 to 5 in the community. During these meetings, ECE teachers will discuss ways in which parents may promote child care, healthy development and proper nutrition, using materials already developed by MoH, MoEYS with support from UNICEF. HBCP will also focus on sanitation, nutrition and child development. Lastly, this sub-component will also provide various forms of support in the form of goods and services to the CPS and HBCP established under ESSUAP, contributing to the existing 24 national ECE resource centers enabling them to provide support to CPS and HBCP as well as provide support to women in reproductive age, pregnant mothers and mothers of children 0-2 years old to have access to health services.

11. Pre-service training (PRESET) will be conducted for CPS teachers, core and lead parents in the newly established CPS and HBPS programs. SESSP will finance training of CPS teachers, core parents and lead parents.

Civil works for classrooms

12. Classroom construction will take place within the premises of existing primary school sites for formal pre-schools and on the premises of public entities for community pre-schools. The use of the land will neither require a resettlement plan nor a resettlement framework. A standard ministry school design, inclusive of handicap ramps, will be updated and standards for CPS shelters have been agreed. A more cost-effective school construction design may also be implemented in certain localities, such as remote area communes. The current technical specifications of the standard ministry school design will be updated to include protection of strong wind, size of classroom according the new norm on number of student per class, and cost estimate and to be submitted to World Bank team for review prior to the bidding process. Classrooms will also be supplied with furniture and relevant instructional equipment.

13. The Construction Department will be responsible for implementation of all civil works-related activities. Before making final decisions on school construction sites, the Construction

Department will consult with personnel from teacher training, primary education and early childhood departments to agree on a plan to supply graduate teachers from teacher training college to those areas. Appropriate supervision provisions throughout the construction cycle will be built into the contract documents to include provincial and local engineers, and involve stakeholders at the school and commune level. Civil works will be closely coordinated with other donor partners to explore complementarities and avoid duplications. The relevant safeguards tools developed for the purposes of this project will also form an integral part of the civil works process.

Sub-component 1.2: Increasing access to basic education services

Scholarships

14. Even where sufficient schools of adequate quality are available, children often face various barriers to reaching these educational opportunities. To address this, MoEYS will first implement a national publicity campaign directed at developing community awareness about right-age enrollment at age 6 and the serious consequences of failing to do so. Second, MoEYS will launch a demand-side intervention to address possible household-level constraints to education participation. Third, MoEYS will expand on-going school health program, including support to vision and hearing programs.

15. MoEYS seeks to build on the successes of its lower secondary national and pilot primary scholarship programs to establish a national scholarship program for Grades 4 to 9. For Grades 4 through 6, 70,000 upper primary students selected from approximately 1,000 primary schools in 24 provinces¹⁹ will be eligible for a US\$30 annual scholarship as long as they remain enrolled and receive adequate school marks during the period. For Grades 7 through 9, 63,000 lower secondary students selected from approximately 1,700 lower secondary schools in 24 provinces will be eligible for a US\$60 annual scholarship as long they remain enrolled and receive adequate school marks. SESSP will finance the financial shortfall of implementing the national primary education scholarship program for the 2014-2015 academic year. The Grade 4 to 6 national scholarship program specified in Sub-decree 66 will be reviewed in 2014 and implemented in 2015. SESSP will provide the additional US\$15 to the current US\$45 per student funded by the national lower secondary scholarship program budget (in total, US\$60 annual). The national lower secondary scholarship program will be financed by MoEYS' program budget from 2017 onwards. The scholarship size amount has been revised based on several follow-up surveys and discussions among the ESWG local education group. The national scholarship program specified in Sub-decree 66 was issued in May 2013 and will be implemented in 2014.

16. Students will complete an application form in order to be considered for the national scholarship program from grades 4 to 9. The poorest among grade 4 to 6 children and grade 7 to 9 children from participating schools will be selected for the primary and secondary scholarship program respectively, following a rank order predetermined by a "Dropout Risk Score." There will not be a predetermined quota for boys and girls, but the "Dropout Risk Index" will be

¹⁹ World Food Program also provides 90,000 scholarships for grade 4 to 6 students. Cooperation with this program will ensure no overlap.

designed to provide a slight advantage to girls. All application forms will be scored at schools by the school support committee.²⁰

17. The primary education department and the secondary education department will be responsible for implementation of each scholarship program. Procedures and guidelines for implementation have been adapted from existing national scholarship programs, with some modifications based on past experience. The criteria for eligibility, arrangements to ensure the scholarships reach intended beneficiaries, and the administrative procedures governing the scholarship scheme are included in the Operational Manual. In total, the scholarship scheme will cover approximately 2.4 percent of those enrolled in basic education in Cambodia.

Support for school health, vision and hearing

18. SESSP will provide support to students who have poor vision and hearing, and promote school health activities at the school level. This will take place through: (a) teacher training on methods for screening for low vision and hearing; (b) provision of screening kits; (c) development of brail textbooks; and (d) supply of school first aid kits and conducting school health check-ups for Grade 1 students.

19. MoEYS seeks to build on the pilot program to support vision and hearing improvement under ESSSUAP through teacher training and school-based activities. Regarding low vision support, vision-screening kits will be distributed for target schools in areas where there is high prevalence of children who have vision and hearing problems. Students who are up to 8 years old in primary (or secondary) schools and out of school children in the same age range will be selected for the screening. Students who are found in need of help will receive eye glasses and hearing aids. Those who need professional medical check-ups will be transferred to specialized hospitals. Teachers who have similar vision and/or hearing difficulties in selected schools will also be eligible for receiving eye glasses and/or hearing aids. SESSP will finance firms or NGOs to manage the vision and hearing screening using a competitive selection process. Three pilot provinces have been selected for each program: Siem Reap, Rattanakiri and Phnom Penh for the vision support program and Rattanakiri, Preah Vihear and Phnom Penh for hearing support program.

20. SESSP will also finance an expansion of school health programs including printing and distribution of school health check-up booklets for all Grade 1 students, implementation of annual health check-up for all Grade 1 students, and provision of first aid kits for 3,000 schools. School support committees will request health center staff to conduct check-ups. MoEYS will enter into an agreement with the MoH at the central level for this program. The primary education department will be in charge of these activities and work closely with school health departments.

²⁰ In 2002, MoEYS mandated that all schools have “school support committees” consisting of community members who assist with raising community contributions and the preparation of school development plans.

Component 2: Benchmarking Student Competencies (US\$4.3 million)

Sub-component 2.1: Nationalizing Early Grade Reading and Mathematics (EGRA and EGMA)

21. The main activity of this sub-component is support for Early Grade Reading/Mathematics Assessment (EGRA/EGMA) programs. MoEYS piloted EGRA under ESSSUAP, which identified effective teaching methodologies in the subject of Khmer; this was subsequently mainstreamed for all Grade 1 and 2 classes in 2012-2013. Currently, MoEYS plans to expand the EGRA methodology to Grade 3 nationwide from 2013-2014 and SESSP will support EGRA methodology training for Grade 3 teachers, TTC trainers and DTMT. MoEYS initiated an EGMA baseline survey during the final year of ESSSUAP and plans to carry out a series of follow-up surveys for the preparation of pilot activities with direct technical support from the GPE secretariat. The EGMA activity will comprise three phases: (a) conducting baseline assessment at pilot schools; (b) conducting textbook and curriculum analysis; and (c) implementing pilot EGMA intervention at schools and teacher training sessions. The EGRA training supported by the project will focus on improving phonemic awareness and letter recognition among students. A recent visit from the GPE Secretariat to discuss implications regarding EGMA has been very enthusiastically received by Government. The primary education department will be in charge of these activities. The sub-component will also finance the development and provision of textbooks for reading and mathematics.

Sub-component 2.2: Supporting National Assessment

22. The National Assessment exercise was piloted under the IDA-financed Cambodia Education Sector Support Project and is now mainstreamed into MoEYS' activity under the leadership of the EQAD. Over the past years, solid foundations have been laid for data collection and activity processing activities. EQAD plans to conduct national assessments for Grade 3 in 2018 (and conducted in 2013), Grade 6 in 2016, Grade 8 in 2014 and 2017, and Grade 11 in 2015 with technical assistance supported by SESSP (data collection, cleaning, and analysis). The quality assurance department will be in charge of these activities. The results of the National Assessments will be widely disseminated, including during the country's Education Congress, so that policy makers can review curricula, teaching practices, and resource allocation.

Component 3: Improving Cambodia's Teaching Force (US\$2.5 million)

23. This component will focus on the systemic challenge of raising teacher quality in Cambodia. As laid out in the ESP 2014-2018, PREST and INSET, and the provision of necessary facilities/equipment have been planned in an effort to raise the classroom performance of both new and current teachers. SESSP will focus on two areas: (a) professional development support for school directors; and (b) inclusive education programs for in-service primary school teachers.

Sub-component 3.1: Improving Pedagogical Training

Inclusive Education

24. SESSP will support Inclusive Education to improve the effectiveness of teaching and learning in the classroom through “child friendly” methodologies. 6,000 Grade 2 teachers (out of 10,969 Grade 2 teachers nationwide) will receive in-service Inclusive Education training, which was developed and piloted under ESSSUAP. The program was operated by the Special Education Office (Teacher Training Department (TTD) and the Primary Education Department) and administered to 14,404 teachers. While the program was incorporated into Pre-Service Training of TTC, many in-service teachers have yet to receive this training. SESSP will finance in-service training for those remaining teachers. The training will support teachers in improving classroom management practices and teaching methodologies for those with disabilities, and help them foster individualized instruction. Modules, manuals and trainers are ready for implementation. The TTD will be in charge of these activities.

Sub-component 3.2: Strengthening School Leadership

School Principal Training

25. 1,600 school principals will receive leadership training, expanding on a successful TTD intervention under ESSSUAP. This training program brings together school administration, educational visioning and pedagogical leadership concepts to bear directly on the formulation of school self-assessment and development plans. Additionally, the training will focus on how school directors can support teachers in improving their performance and individualizing instruction. ESSSUAP supported 2,910 school principals to complete the program and SESSP will cover the remaining 1,600 principals. Module and manuals will be adjusted to facilitate further implementation.

Component 4: System Strengthening and Monitoring and Evaluation (US\$7.9 million)

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

Sub-component 4.1: Strengthening System Management

Results-based Planning and Monitoring Capacity

27. The ESP 2014-18 draws specific attention to the need for fundamental institutional building and reform of management processes through introduction of a results-based approach. A narrow focus on improved operational support and staff training will be insufficient to bring about lasting changes in teaching and learning practices and effective schools. SESSP will contribute to enhance relevance and accountability of schools through strengthened results-based

planning and monitoring and school quality assurance with the focus at central, provincial and district levels.

28. Specifically, each sub-sector team in MoEYS will conduct a series of theoretical and practical training sessions at central and sub-national levels for central, provincial and district office staff, school principals, community pre-school teachers and core parents. The training components will likely include: (a) development of a monitoring and evaluation (M&E) system; (b) data collection; (c) monitoring planning and reporting; (d) implementation of monitoring plan; and (e) reviews (semester and annual).

29. In addition, SESSP will provide financial support for M&E cost of DOE staff. Currently, the M&E cost allocated for DOE staff is only KHR 6,000 per school per year, which restricts them from conducting frequent school visits. The project will add KHR 8,000 per school annually to the current envelope for all 191 DOE offices to make available a total of KHR 14,000 (US\$3.5 equivalent) per school annually, thus enabling them to conduct at least one visit per month. The project will finance six monthly meetings annually for each DOE. Early childhood, primary and secondary education teams are responsible for their own sub-sector and will work closely with planning, finance and personnel departments.

DOE office construction

30. A small share of project financing will be allocated to building and equipping 20 new DOE facilities in remote areas without DOE offices. The main functions of the DOEs are to provide support to school directors in reviewing and assessing school development plans, aggregating monitoring and evaluation data from the school level for entry into the EMIS, and deploying teachers in their respective districts. Construction standards will follow established environmental safeguards specifications and include handicap ramps, and all civil works will take place on land owned by MoEYS. The necessary safeguards documents have been prepared, approved and disclosed in accordance with OP4.01. The task team has also confirmed that no acquisition of land under the project, no relocation or loss of shelter, no loss of assets or access to assets and no loss of income sources or means of livelihood will occur. No legacy issues exist, and physical relocation will not be necessary. Therefore, Bank's OP4.12 on Involuntary Resettlement is not triggered.

Student tracking system

31. SESSP will introduce a new, computer-based Student Tracking System to replace the current practice of paper-based student record keeping. The system will assign unique identifiers to schools, teachers, and students to assist with the tracking of basic education statistics, to monitor student migration, and to avoid double-counting of students to help ensure that school resource allocations are awarded correctly. A preliminary feasibility study was conducted by the MoEYS and found that the existing student record and data keeping methods can be characterized as time- and space-consuming, manually controlled, error-prone, costly, and high risks in terms of information security and loss. The project will finance a detailed system design, specifications including a blueprint, prototype development, application testing, and software installation.

Strengthening fiduciary capacity

32. Financial management and procurement processes at all levels will be strengthened in accordance with the action plans developed under the fiduciary assessments for this project, in partnership with the on-going Public Financial Management Reform Project (PFMRP). Areas of action include strengthening MoEYS budget planning and execution, internal auditing functions, accounting and financial management information systems, statutory financial reporting and transparency, fiscal decentralization framework implementation, and a monitoring system that links resource allocation to outcomes for budgetary planning purposes. The Finance Department will be the focal point for these interventions. A follow-up procurement training program will be developed by MoEYS' Procurement Unit to build institutional capacity at all levels. In addition, internal audit capacity should be strengthened through training sessions as well as hands-on experience. These proposed interventions are based on the ESP 2014-2018 and will be closely aligned with on-going initiatives for greater fiduciary oversight and capacity building financed by the EC and CDPF. One Technical Advisor will be assigned to provide financial management oversight for the project, monitor fiduciary capacity development, and liaise with the Public Financial Management Reform Sector Technical Working Group.

Sub-component 4.2: Project Management and Monitoring and Evaluation

33. This sub-component will cover grant management including external audit and monitoring and evaluation of project progress and outcomes. In addition, this sub-component will provide necessary equipment for all MoEYS departments.

34. M&E will be carried out at different levels by different departments:

- At the school level, the school director compiles data on enrollment and daily attendance, while teachers compile data on student performance on EGRA and EGMA. These data are reported to the provincial or municipal departments of education.
- The provincial departments of education aggregate data from the schools, villages, districts, and provincial centers and report to the Department of Monitoring and Evaluation in MoEYS. The municipality's departments of education do the same.
- The Department of M&E compiles these data and publishes an annual report on education statistics of the country in its EMIS. MoEYS tracks the progress of education through a set of monitoring indicators that are related to students, teachers and school facilities.
- Student achievement measurements are monitored by the National Assessment under the EQAD.
- The World Bank, together with the ESWG, will conduct semi-annual implementation support missions to review progress in the achievement of the project's development objectives and outcomes. Financial management reviews will be conducted three to four times a year.

35. The quantities and costs of the total sum of activities to be financed as per the description in this annex are presented in the table below.

Table A2.1 Costs and Quantities of Activities Financed by SESSP

Line item	Quantity (estimate)	Unit	Unit cost ²¹ (US\$)	Cost
Component 1: Improving the Access and Educational Experience of Vulnerable and Disadvantaged Students (US\$23.8 million)				
National TA for supporting ECE Department	36	Month	2,000	72,000
Materials and equipment for FPS ²²	100	Package	212	212,000
Training costs for FPS ²³	1	Lump sum	464,020	464,020
Formal Pre-school (FPS) construction ²⁴	100	Package	6,700	6,700,000
Other costs for FPS construction ²⁵	1	Lump sum	2,004,000	2,004,000
Community Pre-school (CPS) shelter construction ²⁶	500	Shelter	5,000	2,500,000
Materials for CPS	1,450	Package	100	145,000
National TA for CPS	36	Month	1,000	36,000
Monitoring visit for CPS establishment	3,456	Person-day	20	69,120
Training costs for CPS	1	Lump sum	1,046,115	1,046,115
Materials for Home Based Education Program (HBEP)	950	Package	200	190,000
Monthly session on child care, nutrition and health services	2,450	Session	180	441,000
National TA for HBCP	72	Month	1,000	72,000
Training for HBCP	1	Lump sum	1,253,045	1,253,045
Support for Public Pre-school Resource Center ²⁷	1	Lump sum	202,255	202,255
Parental education for parents and caregivers ²⁸	1	Lump sum	373,250	373,250
Awareness raising campaign	2,400	Package	200	480,000
Support for low vision and hearing	2	Package	250,000	500,000
School health program ²⁹	1	Lump sum	595,200	595,200
Lower-secondary scholarship	63000	Package	15	945,000
Other costs for lower-secondary scholarship program	1	Lump sum	50,000	50,000
Primary scholarship	70,000	Package	30	2,100,000
Other costs for primary scholarship program	1	Lump sum	913,620	913,620
Contingencies	1	Lump sum	2,391,645	2,391,645
<i>Subtotal</i>				23,755,270
Component 2: Benchmarking Student Competencies (US\$4.3 million)				

²¹ Unit cost does not include contingencies. The Harmonized Per Diem Rate for the Education Sector for training and workshops will be applied. Cost data are from the COSTAB file prepared for the project.

²² Includes teaching and learning materials, other materials, and equipment

²³ Includes per diem and administrative costs. Training will be conducted national/provincial and district levels.

²⁴ Includes civil works and furniture

²⁵ Includes international construction advisor, site engineers, drivers, site supervision, water wells test materials, fuels, vehicle maintenance fee, and office consumables

²⁶ Includes civil works and equipment.

²⁷ Includes monitoring visit, center maintenance, and training

²⁸ Includes training on parental education manual, administrative cost for workshop and monthly session on parental education.

²⁹ Includes health check-up booklet for Grade 1 students, first aid kits, training for first aid kits and monitoring activities

Cost for EGRA Training of Trainers I	1,506	Package	1,160	1,746,960
Cost for EGRA Training of Trainers II	76	Package	1,509	114,684
Cost for EGRA Training of Trainers III	1	Lump sum	100,000	100,000
Monitoring EGRA activities	216	Package	850	183,600
EGMA Activities	1	Lump sum	500,000	1,450,000
Technical Assistance for National Assessment	1	Lump sum	66,000	66,000
Contingencies	1	Lump sum	364,685	364,685
Subtotal				4,309,929
Component 3: Improving the Cambodia's Teaching Force (US\$2.5 million)				
Inclusive education training (per diem)	48,000	Person-day	7	336,000
Cost for inclusive education training	1	Lump sum	609,907	609,907
School director training (per diem)	44,792	Person-day	20	895,840
Cost for school director training	1	Lump sum	371,945	371,945
Contingencies	1	Sum	307,878	307,878
Subtotal				2,521,570
Component 4: System Strengthening and Monitoring and Evaluation (US\$7.9 million)				
Student tracking system	1	Lump sum	500,000	500,000
Chief technical advisor	36	Month	10,000	360,000
District Education Offices construction ³⁰	20	Building	6,800	736,000
Provincial level training for sub-sector monitoring and planning system	33,530	Person-day	20	670,600
District level training for sub-sector monitoring and planning system	120,290	Person-day	7	842,030
Administrative cost for training	1	Lump sum	1,467,600	1,467,600
Office equipment and facilities ³¹	1	Total	1,029,200	1,029,200
Fiduciary capacity development ³²	1	Total	810,000	810,000
Annual audit	3	Package	100,000	300,000
Sub-sector monitoring training	1	Lump sum	263,760	263,760
Contingencies	1	Sum	948,176	934,041
Subtotal				7,927,366
TOTAL				38,500,000

³⁰ Includes civil works and furniture.

³¹ Includes 60 desktop computers, 40 laptop computers, 10 projectors, 20 DVD players, 10 sound systems, 40 digital cameras, office consumables, vehicles, maintenance fee for vehicles, fuel and drivers.

³² Includes training on FM, procurement and Internal Audit

Annex 3: Implementation Arrangements

CAMBODIA: SECOND EDUCATION SECTOR SUPPORT PROJECT

Project Institutional and Implementation Arrangements

1. SESSP will be implemented under the same structure of ESSSUAP, which was implemented from July 2008 to December 2012. The project will be implemented at the national, provincial, district and school levels over a period of three calendar years (from March 2014 to March 2017). MoEYS will assume overall responsibility for coordination and implementation of the project, including procurement, disbursement and financial management.
2. At the highest level, the PMC established by Minister and led by Secretary of State will be responsible for the oversight of the whole Education Strategic Plan in order to streamline policy development, strategic planning and implementation decision making processes. The PMC was established during ESSSUAP. It has been led by the Minister and comprises MoEYS leaders including Secretaries of State. The PMT led by a Secretary of State and comprised of Directors General and directors of relevant departments play a central role in project implementation. Arrangements have been designed to ensure that overall education policy direction is analyzed from a variety of angles and policy decisions are followed into implementation through the overall coordination of the Directors General. It was also envisaged that the PMC would progressively assume oversight responsibility of donor-financed projects. The PMC has enabled the project's development to be embedded within the Ministry's overall strategic program and budget as well as within the context of overall Government planning. Regular meetings of the PMC, with meetings of the Secretariat of Directors General in the intervening weeks, are intended to ensure that well informed collective leadership decisions on emerging policy and operational decisions are promptly made and implemented through the education system management structure of departments, provinces, districts and schools.
3. As a part of its responsibilities for the full program of MoEYS, the PMC's responsibilities for overseeing project implementation include: (a) approving SESSP annual activities and budget allocations; (b) overseeing progress and compliance with agreed guidelines; (c) commissioning and approving required accounts and reports; and (d) ensuring agreed audit requirements are satisfied. The Secretary of State in charge of the Secretary General for Education for All will have overall responsibility for grant management and act as MoEYS liaison officer to the World Bank, as Trustee of the GPE grant.
4. Project implementation will be carried out by existing MoEYS departments—including Construction, Early Childhood Education, Primary Education, Teacher Education, Secondary Education, Quality Assurance, School Health, Curriculum, Personnel, Finance, Planning, and Provincial and District Education Offices—in order to build long term systemic capacity and ensure sustainability. The implementation by departments will be closely monitored by PMT. Scheduled bi-monthly meetings of the PMT, chaired by Directors General, are intended to ensure the operational progress by sub-sector of early childhood and primary education and across each level of project implementation, as well as ensure fiduciary progress including financial management and procurement.

5. The Early Childhood Education component will also be implemented in coordination with National ECCD Committee including other related Ministries, such as MoH, MoI and MoWA.

6. The Construction Department team will work closely with Personnel, Early Childhood, and Primary Education Departments and Provincial Education Offices to make sure that graduate teachers from TTC will be deployed to the schools where school buildings have been provided. The Construction Department will coordinate several construction engineer consultants, regional engineers as well as local engineer consultants (one per every ten sites) responsible for supervising civil works. The Construction Department will work closely with POE and Early Childhood, and Primary Education Departments for the community contracting method.

7. The Directorate General of Administration and Finance will be charged with all grant-related planning, monitoring, procurement and financial management, and reporting responsibilities. SESSP will not rely on a Project Implementation Unit, but relevant departments will be eligible for Technical Assistance support as necessary. National and international consultants will provide guidance to Ministry line departments, POEs and DOEs. Implementation support is currently envisioned to include: (a) a policy advisor to the PMC; (b) ECE local consultants; (c) financial management, procurement and internal audit advisors; and (f) NGO and individual consultant services at the local level to support vision and hearing improvement programs and to build DTMT capacity. In addition, consultant services may be recruited to provide additional support in scaling up ongoing operations such as administering the scholarship program, supervising school facilities construction or providing training and workshops. The project will collaborate with main NGOs in the field to build operational synergy and improve the quality of service delivery performance. Full integration in implementation strives to ensure that the capacity of all stakeholders involved in providing education services will be improved and overall MoEYS institutional capacity is strengthened.

8. Government staff working on SESSP will not be eligible for ad hoc salary supplements.

9. Sub-sector Budget Strategic Plan will be prepared to provide the 3-year planning framework for Annual Operation Plan (AOP). The AOP developed by early childhood and primary education sub-sectors indicate department's responsibilities, and it includes government, other DPs, and SESSP-financed activities. Related procurement plans will be prepared at the national level after consolidating inputs from provincial, district and school levels.

Partnership Arrangements

10. MoEYS and its partners jointly review on an annual basis the ESP 2014-2018. The joint review mission will provide continued opportunities for Ministry leaders and staff, provincial administrators, related ministries, international partners and NGOs to supervise the progress of implementation of ESP, SESSP and other projects, as well as to generate ideas and propose recommendations. The review process has been designed to promote participatory decision-making and ensure broad cooperation among key stakeholders.

11. A Joint Technical Working Group (JTWG) is chaired by the MoEYS and brings together MoEYS leaders with international partners and other stakeholders in education. It meets approximately every three months. The JTWG provides a forum for major policy dialogue and proposes to the PMC new strategic directions initiated between annual joint sector reviews.
12. Education donors and representatives from NGOs meet approximately every month as the ESWG. The ESWG addresses issues of donor coordination, serves as an information exchange on projects supported by international partners and supports the JTWG on policy dialogue. SESSP was prepared with the collaboration and support of the ESWG.
13. Construction: The facilities program will be coordinated with Asian Development Bank and other proposed projects such as those funded by the Japanese Government and Korean private companies, under the leadership of the Construction Department.
14. Demand Side Intervention: The World Food Program (WFP) has been supporting MoEYS through the primary school scholarship program and take-home rations for upper primary girls. A coordinated demand-side incentives framework with WFP will be further developed. SESSP and EC will finance the expansion of primary and lower secondary school scholarship programs.
15. Quality Inputs: Service delivery quality enhancement interventions will be supported centrally by the departments of Primary Education, Early Childhood Education and all other supporting bodies, but implemented by MoEYS decentralized offices at provincial and district levels. These decentralized activities will be closely coordinated with international partners, such as UNICEF, and NGOs—including CARE, KAPE, Save the Children (SC), Voluntary Service Overseas (VSO), Handicap International Belgium, Plan International and other interested agencies—who are currently active at the provincial level, in order to avoid overlapping or duplication of efforts as well to promote harmonization and integration in procedures and interventions in the field. A common overarching methodological approach will be adopted. The related working groups on primary and early childhood educations under the leadership of MoEYS will serve as a forum to jointly review, harmonize and mainstream successful experiences into the official ESP program and annual operational plan.
16. Teacher Training: Teacher Training has been supported significantly by JICA, ADB and World Bank at the Early Childhood, Primary and Secondary levels. SESSP aims to strengthen teacher capacity in specific areas and/or specific target groups of the teaching force, namely math and science, teacher trainers at each level of TTC, school principals and contract teachers. JICA has been working towards the development of the math and science teaching force, while ADB also works on subject teacher training and school principal training. ESSSUAP has addressed school leadership training, multi-grade teaching training and inclusive education training.
17. Quality Assurance: Quality Assurance Department has been supported by SIDA and World Bank in development of a Quality Assurance System and enhancement of national assessment. SESSP aims to support these capacity building activities at the national assessment

office, as well as in building capacity of results-based planning at the level of provincial and district education offices. Close coordination with SIDA is expected.

18. **Public Financial Management:** The Ministry of Economy and Finance and the World Bank-financed PFMRP project will provide an overarching framework for financial management capacity building initiatives. These interventions will complement ongoing technical assistance financed by the European Commission, SIDA and UNICEF.

19. **Capacity Building:** MoEYS has been conducting wide range of capacity building activities with partners. These activities focus on contract management, sub-sector planning, monitoring and evaluation, pedagogical methodologies, and curricular reform. The Capacity Development Program Fund (CDPF), funded by the EC, SIDA and UNICEF, has been supporting the implementation of MoEYS Capacity Development Plan at the central and provincial levels since 2011. The capacity building activities of SESSP will be coordinated with CDFP towards the achievement of MoEYS Capacity Development Plan.

Financial Management, Disbursements and Procurement

Financial Management

20. An update of the existing financial management assessment of the implementing agency, the Finance Department of the Directorate General of Administration and Finance (DGAF) of the MoEYS, has been carried out to identify mitigating measures to address risks in April 2013. The objective of the assessment was to update financial management arrangement and finance staff capacity of the DGAF to determine its adequacy of the proposed Second Education Sector Support Project's financial management arrangements and whether they still met Bank requirements as per OP/BP10.00.

21. Although there has been some improvement in the overall public financial management in Cambodia due to reform agenda efforts under the PFMRP over the last eight years, there is still room for strengthening at both the policy and Ministry levels. Because of the experience of the implementing agency in implementing the previous Bank project and taking into account that there is an established computerized accounting system, the overall financial management risk is considered to be moderate. However, a number of mitigation measures are required to be implemented to respond to the risks identified and to reinforce the existing financial management system of the implementing agency.

22. The same FM team of the DGAF of MoEYS is proposed to implement the management arrangements of the new Project. The existing Supplementary Financial Management Manual (SFMM) of the previous program has been updated to reflect new aspects of the Project and be aligned with the newly issued FMM for Overseas Development Assistance dated 22 May 2012. In addition to the previous program's FM capacity building measures, the Project will continue financing a capacity building program in FM in line with requirements of the PFMRP to enhance MoEYS's capacity to implement the broad reform agenda of the government. The re-design and agreement on a template of Interim unaudited Financial Reports (IFRs) taking into account new aspects of the project have been agreed to during negotiations.

23. The following are agreed mitigation measures after effectiveness, which have also been included in the Project Operational Manual:

- Customize charts of accounts and the report format in Government new Chart of Accounts
- Ensure SFMM is updated to include more control over soft expenditure and new aspect of the project such as small grant to parents etc. and update job description of the FM staff
- Organize first FM training for selected staff to manage the project
- Agree on the Internal Audit Department's involvement in auditing expenditure of the project by applying outputs received from ESSUAP
- Develop and agree on the Terms of Reference of the local and international FM consultants.
- Appoint an auditor of the grant six months after effectiveness.
- Prepare a financial management training plan built upon the training provided in the previous Bank project to further strengthen capacity of staff of the Directorate General of Administration and Finance and internal audit department and to apply skills and experience gained from the previous project.
- Disclose and publish on the Ministry and/or project website an externally audited financial statement once a year.

24. The assessment covers the following main areas:

- (a) *Budgeting and counterpart funding arrangements:* MoEYS is still piloting program based budgeting under PFMRP. Similar to the ESSUAP, the project will follow government principles for budgeting as issued by MEF. The detailed principles for national, program and project budgeting are outlined in a government circular addressing: (a) a strategic budget plan preparation for each sector from March to May, (b) followed by a budget estimates phase from June to September, and (c) the finalization and approval phase from October to December. The finalized budget is submitted to the legislature for adoption prior to December 25 every year. There is no counterpart funding as GPE will finance 100 percent of the cost of the project.
- (b) *Flow of funds:* The funds from GPE will flow directly to a Designated Account (DA) maintained at the National Bank of Cambodia. The MoEYS will be responsible for certifying and verifying expenditures incurred at various levels of implementation. Funds from the DA will be disbursed to POE for implementation of activities at that level and/or district level, and other activities below the province/district levels will be disbursed directly to commune/schools level.
- (c) *Accounting and maintenance of accounting records:* The Project adopts a cash basis of accounting which is in line with the Government's reform agenda of applying International Public Sector Accounting Standards-based cash accounting. Peachtree computerized accounting on network environment will be used as a financial management tool and will be upgraded to a new version of Peachtree. However, a consultancy service is needed to help customize the chart of accounts and report design in

Peachtree to reflect categories and components of the new Project. Use of Peachtree system's functionality should be improved to help analysis of the Project's financial affairs by incorporating the quarterly and annual budget in the system. All accounting and supporting documentation will be retained by the DGAF in a system that allows only authorized users easy access. Documentation at the provincial level will be maintained there, and documentation for some of the local implementing activities such as local training, scholarships and small grant to parents for nutrition food will be kept at district and school levels. Simple manual records will be kept at provincial level. The frequency of reporting back to the center will be monthly and the central department will be responsible for consolidating all information into a consolidated accounting system and financial report. The assigned FM staff of DGAF shall ensure regularly and timely posting of transactions in Peachtree system and effective controls in place in line with the updated SFMM.

(d) Internal control, including internal audit:

Financial Management Manual: A revised FMM of the Standard Operating Procedures issued by the Government is the primary document which sets out controls, processes and procedures to be followed. The existing SFMM of ESSSUAP has been updated by the international FM consultant to align with the revised FMM and to add in more controls over soft expenditure such as fuel usage, transportation from schools to district and provinces, training, per diems, stationery, repair and maintenance etc. Such expenditures are generally paid by cash and are sometimes subject to abuse. The concern is to ensure that all such expenses are actually incurred, and properly authorized and used with regard to economy. The following are some of the measures to further strengthen control over such expenditure:

- Establishing standard transportation rates from schools to district and province. There must be evidence from the other parties to certify travel made by persons claiming for transportation expenses;
- Minimizing cash transactions for the purchase of stationery, repair and maintenance, and fuel by having contracts with a few suppliers following competitive selection. Payments should be paid by check or wiring from the DA to the contracted suppliers. A code of ethics and anti-corruption policy should be included in the contract with the suppliers;
- Fuel, repairs and maintenance for each vehicle should be recorded in the vehicle log books to enable tracking of how often repairs and maintenance of vehicle are made;
- Replacement of toners for photocopiers or printers should be recorded in a monitoring sheet in order to provide an audit trail of how often a toner is replaced.

School and Community Activities: Disbursements will be made to communities/schools in accordance with community contracting agreements, as specified in the Operational Manual, and as stipulated in the operating manuals. These measures provide for release of funds to match requirements and strong accountability mechanisms, including community oversight.

Contract Management: Several hundred civil works projects are envisaged to be financed by the Project and this will require additional effort to control. Whether contracts are implemented at a national or local level there will be a requirement for a contract register to be maintained which will record details of each contract and payments made against the contract. The respective line departments of the MoEYS are in charge of construction supervision, and quality check of the construction by engineers of MoEYS. In addition, the Bank will engage a qualified consultant to check the quality of construction from time to time.

Payments: Payments by cheque or wiring from the DA should be made as far as possible and all payments above US\$300 shall be made by cheque.

Safeguard over Assets: MoEYS has procedures to safeguard and protect assets from fraud and waste through recording such assets in a fixed asset register. Assets bought by the Project will be covered by such a policy. Periodic count of inventory will be encouraged to happen regularly. Assets are not insured. It is anticipated that assets such as school furniture and equipment will be bought for various schools. DGAF will work with the MoEYS's Department of State Property to issue relevant guidelines to school principals on how to account for and control those assets.

Internal audit: The work plan of the Internal Audit Department will still cover the operations of the Project in order to apply the FMM and experience gained from the technical support under the ESSSUAP. Given the internal audit development is a major reform agenda of the PFM RP implemented by MoEF, the Project may support internal audit capacity building according to the capacity building strategy of the PFM RP.

- (e) *Periodic financial reporting:* As part of financial and performance monitoring, the Interim unaudited Financial Reports (IFRs) will be required to be submitted to the Bank no later than 45 days after the end of each quarter. The IFR will serve as a tool for monitoring the progress of the Grant by linking fund usage against the procurement plan and applicable physical outputs.
- (f) *Arrangements for external audit:* The Project's annual financial statements will be audited by a contracted independent external auditor. The audit will be performed in accordance with Cambodian International Standards on Auditing and based on Terms of Reference acceptable to the Bank. The audit of the Project for the fiscal year 2014 is expected to be included in the second audit bundling contract which covers audits for fiscal year 2012 to 2014 of all Bank funded projects. The audited financial statements and audit reports will be submitted to the Bank within six months after the end of each fiscal year and the closing date of the Project. In addition, a management letter outlining any internal control weaknesses will also be issued by the external auditor. MEF will be responsible for appointing an auditor for the Project six months after effectiveness. The cost of the audit will be financed from Grant proceeds. The Project is required to disclose to the public its annual audited financial statements in line with the policy on Access to Information.

- (g) *FM Supervision:* FM supervision will be undertaken at least twice a year. The supervision will review the Project's financial management systems including but not limited to operation of the DA, evaluating financial performance, interim unaudited financial reports, compliance with the SFMM, statements of expenditures, internal financial controls, reporting and follow up of audits and mission findings. Following each supervision, the financial management risks will be reassessed and supervision plans revised accordingly.

Disbursements

25. The threshold for direct payment is proposed at 15 percent of the outstanding balance of the DA. In addition to direct payments, to facilitate implementation a US Dollar Designated Account (DA) will be opened with the National Bank of Cambodia.

26. *Allocation of Grant Proceeds:* The grant proceeds will be disbursed against eligible expenditures including taxes as outlined in the table below:

Category	Amount of Grant Allocated (in US\$ million)	Percentage of Expenditures to be financed (Inclusive of Taxes)
(1) Works, goods, non-consulting services, consultants' services, training and operating costs	35.45	100%
(2) Scholarships	3.05	100%
TOTAL	38.50	

27. *Authorized Allocation:* The DA will have an authorized initial allocation of US\$1,000,000. This level of allocation is considered to be adequate for project start up given the use of direct payment withdrawal applications wherever possible. As the project progresses the need for increasing the authorized allocation will be assessed taking into account the procurement strategy for civil works (that is the balance between ICB and NCB) and the impact on flow of funds through the designated account. Any increase would also be subject to MEF maintaining an average processing time of seven business days for withdrawal applications.

28. *Disbursement Methods:* The Project will use the following disbursement methods:

- **Reimbursement:** The Bank may reimburse the RGC for eligible expenditures that the RGC pre-financed from its own resources.
- **Advance:** The Bank will advance grant proceeds into a DA to finance eligible expenditures.
- **Direct Payment:** The Bank will make payments at the borrower's request, directly to a third party—e.g. a supplier, a contractor or a consultant for eligible expenditures.

29. *Disbursement Mechanism:* The basis of disbursements shall be traditional transaction-based including Statements of Expenditure (SOE) and direct payments. Whilst Interim Financial Reports (IFRs) will be provided every quarter for purposes of monitoring the progress of the

Grant (linking fund usage against the procurement plan and applicable physical outputs), the IFRs shall not be used as a basis of disbursements. Withdrawal applications reporting on eligible expenditures paid from the DA will be submitted to the Bank based on SOEs for: (a) goods, including library books and learning materials costing less than US\$100,000 per contract; (b) works costing less than US\$100,000 per contract; (c) services of individual consultants costing less than US\$50,000 equivalent per contract; (d) services of consulting firms costing less than US\$100,000 equivalent per contract; and (e) all local workshops/training, scholarships, small grants to parents (in the form of kits of learning materials and toys for the home-based early childhood education facilities) and incremental operating costs. All other disbursements will be based on full documentation. The related documents shall be retained at the finance unit within MOEYS and will be made available for required audits, as well as to the Bank supervision missions upon request.

30. Applications for direct payments, such as purchase records evidencing eligible expenditures (copies of contracts, purchase orders, supplier's invoices and receipts) will be submitted together with Withdrawal Applications setting out clear payment instructions.

31. Withdrawal applications reporting on eligible expenditures for reimbursement will be submitted to the WB Loan Department with the same documentation as required for reporting of eligible expenditures paid from the DA.

32. MoEYS shall prepare withdrawal applications to be submitted through the Department of Cooperation and Debt Management of MEF which deals with Bank replenishments. Withdrawal Applications shall be signed by the Minister of Economy and Finance or its designated responsible line ministry officer(s).

Procurement

Assessment of Procurement Capacity

33. The governance environment in Cambodia can continue to be improved. Current levels of government salaries have contributed to low incentives for performance and may impede the performance of some government staff.

34. MoEYS has implemented four projects financed and administered by the World Bank to date. Under these, different MoEYS departments were designated to carry out procurement. Although the procurement under the proposed project will be carried out by the procurement unit of MoEYS, the staff of this procurement unit has limited capacity in following the World Bank's Procurement Guidelines because the majority of medium and large packages under ESSSUAP were procured by the International Procurement Agent (IPA).

35. Keeping in mind: (a) the current governance environment; (b) the weak procurement environment; (c) previous instances of misprocurement in other sectors; and (d) the past performance of MoEYS in implementing other projects administered or funded by the World Bank, the overall procurement risk in this Project is currently **substantial**. However, the risk will be managed and mitigated through the wide range of strengthening measures that are being

incorporated in the Project design and legal agreement, as listed in the Action Plan below. With the incorporation of the capacity strengthening measures and the extensive requirements for improving governance, including transparency and accountability in the procurement process, the residual procurement risk under the Project is determined to be **moderate**.

Actions to Mitigate Procurement Risks and to Build Agency's Capacity

36. The concern of weak governance, particularly related to procurement, can be mitigated by the following measures:

- (a) The governance risks will be addressed by the ORAF and the Good Governance Framework (GGF) adopted by the RGC for all World Bank projects. This GGF has also been included in the Standard Operating Procedures (SOP) for all Externally Funded Projects/Programs in Cambodia promulgated by Sub-Decree 74 dated May 22, 2012. The GGF includes various elements for improving transparency and accountability through strengthened procurement arrangements, strengthened financial management, enhanced public disclosure, involvement of civil society, a complaints mechanism, a code of ethical conduct, sanctions, and by addressing project-specific implementation risks. This GGF was translated into the local language (Khmer) during the implementation of ESSSUAP, which will facilitate all concerned staff's understanding of the GGF's purpose;
- (b) The risks associated with the procurement procedures for NCB will be addressed by the following procedural mitigation measures. Guidance for implementing the Procurement Guidelines and the Consultant Guidelines is provided in the Kingdom of Cambodia's Externally Assisted Program Procurement Manual: Goods, Works and Services, issued under Sub-Decree 74 dated May 22, 2012, on Promulgating of the Standard Procedure for Implementing the World Bank and the ADB Assisted Programs. In addition, the NCB Annex in the Grant Agreement will list the Bank's further requirements for procedural improvement and control for the NCB method.
- (c) For concerns on proper checks and balances, the World Bank will carry out at least two implementation support missions per year, including the procurement ex-post reviews. The post review will check for signs of collusion and end-use deliveries in addition to verifying procedural compliance; and
- (d) The procurement delay can be mitigated through advance procurement and the application of the procurement monitoring and tracking plan, which is included in the above said procurement manual. This procurement monitoring and tracking plan will be used to monitor the procurement progress and performance of parties involved in providing inputs/clearances for the procurement work.

37. The concerns on sustainability and capacity building of MoEYS staff can be addressed by the following actions:

- (a) In the case of overload or beyond capacity of the government staff, individual procurement consultant(s) are expected to fill the gap;

(b) The World Bank procurement specialist assigned to support the project will frequently carry out procurement training for the procurement staff of MoEYS; and

(c) Furthermore, a portion of the project budget is reserved for procurement capacity building of MoEYS's procurement staff. This capacity building budget can also afford to send some qualified staff for specific procurement training outside the country.

Applicable Guidelines

38. The procurement for the proposed project will be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011, and "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011; and the provisions stipulated in the Grant Agreement.

Procurement Plan for the whole project period (2014-2016)

I. GENERAL

- 1. Bank's approval Date of the procurement Plan** Original January 28, 2014; Revision 1: February 13, 2014, Revision 2: March 5, 2014
- 2. Date of General Procurement Notice:** To be posted immediately after effectiveness
- 3. Period covered by this procurement plan:** whole project period (2014 to 2016)

II. Goods and Works, and Non-consulting services:

- 1. Prior Review Threshold: Procurement Decisions Subject to Prior Review by the Bank as Stated in Appendix 1 to the Guidelines for Procurement:**

	Procurement Method	Prior Review Threshold	Comments
1.	ICB (Goods)	Above USD600,00	All ICB contracts
2.	NCB (Goods)	All NCB above USD 300,000 and First NCB below USD 300,000	-
3.	Shopping (Goods)	non	-
4.	Direct Contracting (Goods & Works)	All contracts	Regardless of value
5.	ICB (Works)	Above USD2,000,000	All ICB contracts
6.	NCB (Works)	All NCB above USD 1,000,000 and First NCB works below USD 1,000,000	-
7.	Shopping (Works)	non	

2. Summary of the Procurement Packages planned during for the whole period of the project.

1	2	3	4	5	6	7
Ref. No.	Description	Estimated Cost US\$ million	Packages	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Comments
	Summary of the ICB (Works)	8.16	2	Yes	Prior	
	Summary of the ICB (Goods)	1.48	1	Yes	Prior	
	Summary of the NCB (Works)	2.25	2	No	Prior	Prior review both contracts
	Summary of the NCB (Goods)	1.26	5	No	Post	Prior review all NCB above USD 300,000 and First NCB below USD 300,000
	Summary of the Shopping (Works)	0	0	No	No	
	Summary of the Shopping (Goods)	0.75	15	No	No	

III. Selection of Consultants:

1. Prior Review Threshold: Selection Decisions Subject to Prior Review by Bank as Stated in Appendix 1 to the Guidelines Selection and Employment of Consultants

	Selection Method	Prior Review Threshold	Comments
1.	Competitive Methods (Firms) – Quality & Cost Based Selection (QCBS),	Above USD100,000	All contracts
2.	Competitive Methods (Firms) – Least-Cost Selection (LCS) and Selection Based on Consultant Qualifications (CQS)	Above USD100,000	
3.	Single Source (Firms)	All contracts	Regardless of value
4.	Individual Consultants	Above USD\$100,000, all sole-source selection and fiduciary positions	

Note: TORs of all consulting assignments irrespective of the contract value shall be subject to prior review by the Bank.

2. Short lists will comprise entirely of national consultants: Short list of consultants for services, estimated to cost less than US\$200,000 equivalent per contract, may comprise entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. **In the case where no sufficient number of national firms is available, international advertisement (REOI on UNDB) can be applied.**

3. Consultancy Assignments with Selection Methods and Time Schedule

1	2	3	4	5	6
Ref. No.	Description of Assignment	Estimated Cost US\$ million	Packages	Review by Bank (Prior / Post)	Comments
	Summary of number of contracts that will be let under CQS	0.15	1	Prior	
	Summary of number of consulting firm contracts that will be let under SSS methods	0.201	3	Prior	
	Summary of number of contracts that will be let under Selection of Individual Consultant	2.23	31	Post	Prior review all contracts above USD\$100,000, all sole-source selection and fiduciary positions. Accordingly, 9 contracts will be prior reviewed

39. ***Frequency of Procurement Supervision.*** In addition to the prior review to be carried out from the World Bank offices, the capacity assessment of the project's implementing agency has recommended one implementation support mission every six months during the implementation of the project. The procurement ex-post review will be conducted at least once a year and the percentage of the post review is 10 percent.

Environmental and Social (including safeguards)

40. There are no major social and environmental safeguards issues associated with the GPE project, and no land acquisition, loss of lands and/or resettlement concerns are expected, since no civil works will be financed under the project outside the existing school or DOE premises. The project will not allow purchasing of new land. The project will ensure the use of vacant and idle land owned by the Government that is free from all encumbrances, habitation, dispute, claim or controversy. Thus the use of the land will neither require a resettlement plan nor a resettlement framework. The project's Environmental Category is rated as "B".

41. **Environmental.** The Project's potential impacts on the environment are deemed to be minor, site-specific, and reversible in nature, and for which mitigation measures can be readily designed. The project's environmental category is classified as "B". Given the nature and small scale of the proposed civil works under the project, a formal environmental assessment report was not considered necessary. However, there are likely to be some concerns relating to inconveniences or nuisances to surrounding areas during construction. Therefore, for the purpose of enhancing environmentally-friendly measures and mitigating any adverse impacts caused by the construction activities, an Environmental and Social Management Framework (ESMF) have

been prepared, which includes the ECoP and EMP. These guidelines will be included in the requisite bidding documents. Site-specific EMPs will be prepared for each construction site in accordance with the provisions of the ESMF.

42. The ESMF (including the ECoP and EMP) lay out screening procedures for project activities and includes relevant information on the management of environmental and sanitation issues in the project. The ECoPs specifically cover mitigation measures for generic impacts on school construction and operations related activities, and the provisions for chance find procedures for addressing physical cultural resources encountered during implementation. The EMP contains specifications to address environmental issues, including construction dust and noise control, waste management, site management, safety controls, provision of clean water and sanitation facilities, unexploded ordinance removal, and asbestos containing material demolition management. The ESMF has been publicly disclosed on August 11, 2013 in Phnom Penh on the MoEYS website, as well as on the InfoShop website in Washington, D.C on August 22, 2013.

43. **Social.** The Bank's OP/BP 4.10 on Indigenous Peoples was triggered because potential construction sites under the project have been identified and includes areas inhabited by non-Khmers or "Indigenous People" as defined in OP/BP 4.10. A Social Assessment (SA) was conducted in March 2013 to evaluate the project's potential positive and adverse effects on the IP communities in potential construction sites and examine project alternatives where adverse effects may be significant. Field visits to a sample of four provinces (*Stung Treng*, *Monduliri*, representing IP provinces, and *Kampong Thom*, and *Banteay Meanchey*, representing non-IP provinces) were conducted, and free, prior and informed consultations with two IP communes (*Sekong* and *Krang Teh*) were conducted during this SA exercise. An Indigenous People's Planning Framework (IPPF) has been prepared and was disclosed on August 11, 2013 in Phnom Penh on the MoEYS website and in Washington D.C. on the InfoShop website on August 22, 2013.

44. The SA found potential positive impacts to IP populations from project activities such as building new pre-schools in IP communities (in which the beneficiaries will be the IP children) and scholarships, and concluded that the design of the project was IP-friendly. Envisioned positive impacts include creating opportunities for out-of-school children to enter kindergarten, preventing primary and secondary dropout, relieving the over-crowding of existing kindergartens, increasing pre-school, and primary and secondary enrollment. Moreover focus group discussions and interviews conducted during the exercise with the parents, teachers, residents near possible construction sites, local government leaders, education professionals, and civil society showed strong support from the communities for the implementation of the project.

45. The Bank's OP/BP 4.12 on Involuntary Resettlement is not triggered. A pool of potential construction sited have been identified, all of which are located on MoEYS-owned lands. The construction activities for the ECE classrooms will be extensions of existing primary school facilities within their current grounds' boundaries and DOE constructions will occur on vacant MoEYS-owned lands. Based on site visits to a sample of primary schools throughout the country, the task team has confirmed that no acquisition of land under the project, no relocation or loss of shelter, no loss of assets or access to assets and no loss of income sources or means of livelihood will occur. No legacy issues exist, and physical relocation will not be necessary.

Therefore, Bank's OP4.12 on Involuntary Resettlement is not triggered. In the sector's previous projects in Cambodia—the Cambodia Education Sector Support Project (2005-2011) and the Cambodia Education Sector Support Scale Up Action Project (2008-2012) – which included similar interventions, neither land acquisition nor physical relocation was necessary. The MoEYS is asked to keep copies of the stamped certifications of the land entitlement from the Phnom Penh municipal authority and other local governmental authorities on file. Having these documents on file will likely be helpful if further questions about the land entitlement issues come up. A social safeguards specialist will be hired under the Project Management Committee (PMC), and will be responsible for the overall implementation of the IPPF, and the preparation, implementation and disclosure of site-specific Indigenous Peoples Plan (IPP) for each -project site in which IP are present. The project social safeguard specialist is required to hold a half-day public consultative meeting prior to each civil works site appraisal and to prepare meeting minutes with summarizing issues or concerns raised by IPs during the meeting.

Monitoring & Evaluation

46. The Department of Monitoring and Evaluation in MoEYS will monitor the Project. This will be done within the monitoring and evaluation framework of the Master Plan implementation. The proposed monitoring indicators are provided in Annex 1 Results Framework and Monitoring. The data related to output indicators will be provided semiannually. MoEYS will provide outcome-related data annually. The progress in meeting target indicators described in Annex 1 will be reviewed by the Bank semiannually and will be reported to the MoEYS and the ESWG. Details for how the process of the monitoring and evaluation will be conducted are provided in Annex 2. All data collected will be disaggregated by gender and in some cases by district, in order to understand and respond to specific issues.

Annex 4: Operational Risk Assessment Framework (ORAF)
CAMBODIA: SECOND EDUCATION SECTOR SUPPORT PROJECT
Stage: Appraisal

Project Stakeholder Risks						
Stakeholder Risk	Rating	Low				
<p>Description:</p> <p>The principal stakeholders are Government, other development partners, civil society organizations, parents, and teachers. Government ownership and commitment for the ESSSUAP (the previous EFA-FTI project in Cambodia) was strong. The refinement of the Education Strategic Plan and the preparation of the project are high priorities of MoEYS. The recipient and Bank interests, objectives, and motivation for undertaking this operation are well aligned.</p> <p>In previous education projects in the country, teachers, parents, NGOs, and development partners have expressed strong support for the interventions proposed under this project.</p> <p>The risk of major donor disagreements over the Education Strategic Plan and GPE remains low particularly with donors who are Education Sector Working Group (ESWG) members. 10 donors and development partners are members of the ESWG.</p>	Risk Management: <p>The project will include measures of outreach to parents and teachers during preparation including consultations on proposed interventions. During implementation, the sharing of budget information and feedback surveys will increase the flow of transparent information.</p>					
	Resp: Client	Stage: Preparation and Implementation	Recurrent: X	Due Date: N/A	Frequency: Annual	Status: In Progress
	Risk Management: <p>Donor coordination and communication and consultation mechanisms with the Government continues to be maintained to ensure ongoing sequenced implementation of the ESP and GPE program and through monthly meetings of the ESWG. Active discussion and engagement between donors and government will be conducted at the regular Joint Technical Working Group (JTWG). To maximize the donors’ contribution to the program, the team will lead joint sector review missions bi-annually to identify the progress made on key ESP activities and key sector reform agendas.</p>					
	Resp: Bank/Client	Stage: Preparation and Implementation	Recurrent: X	Due Date: N/A	Frequency: Semi-Annual	Status: In Progress
Implementing Agency (IA) Risks (including Fiduciary Risks)						
Capacity	Rating	Substantial				
<p>Description:</p> <p>MoEYS has successfully implemented a number of Bank-financed</p>	Risk Management:					
	Capacity building will be continued to address the fiduciary risk issues. Training for					

<p>projects in the education sector, including the recently closed precursor to the currently proposed GPE project. Ministry officials are familiar with the proposed interventions, as most were already implemented previously. They are also familiar with Bank procedures and have receiving training on financial management, procurement, and also substantive sector issues.</p> <p>Based on past experience, a risk may be that MoEYS and its technical teams may have insufficient in-house capacity to carry out the expected large volume of procurement activities, as well as having insufficient FM and auditing processes that meet acceptable standards to link financial information with the project’s physical progress. In particular, there is a risk that some procurement for education inputs (school equipment, TTC renovation and textbooks) may be slow due to complex procurement processes or the limited number of suppliers.</p> <p>Another key risk to the project implementation will be the discontinuation of the Priority Operating Costs (POC) payment in June 15, 2012, a scheme which provided salary top-ups to MoEYS staff working on donor-funded projects. The discontinuation of the POC potentially may impede motivation to rollout the reform and project activities. The team’s previous experience on project implementation with the POC witnessed a slow – down in project implementation of ESSSUAP at certain times when POC payments were delayed.</p>	<p>Procurement, FM and auditing staff will be provided on an ongoing basis to help ensure necessary controls are in place and that sound procurement and financial management practices are being implemented. In addition, International and/or National Individual Technical Consultants for these areas will be engaged by the project. The project will be audited annually, and the Bank will also closely supervise the project during implementation. Further a detailed Operational Manual will be developed to guide project implementation. This manual will provide MoEYS staff with a comprehensive set of written policies and procedures for, among other things, routine tasks, administrative activities, records management, and documentation.</p> <p>To offset the risk of the ending of the POC payment, the team and the CMU will explore options with the Ministry of Economy and Finance (MEF) to consider ways to mitigate potential disruptions to program implementation. This will commence when the Government gives an indication that it wishes to continue dialogue with Development Partners on its plan for progressing Compensation Reform.</p>					
	Resp: Bank	Stage: Preparation and Implementation	Recurrent: X	Due Date: N/A	Frequency: Semi-Annual	Status: In progress
Governance	Rating	Moderate				
<p>Description:</p> <p>There is strong ownership by the Government to the concept of the project, MoEYS has driven the initiation of the project concept and its evolving design, and the project’s goals are fully aligned with the current sector strategy.</p> <p>The MoEYS has clarified its responsibilities and oversight processes through its Good Governance Framework (GGF). The GGF is an essential anti-corruption action plan to strengthen the governance capacity in projects in the sector (ESSSUAP and HEQCIP). The GGF includes various elements for improving transparency and accountability through strengthened</p>	<p>Risk Management:</p> <p>The Bank team will work closely with the MoEYS team to ensure the satisfactory implementation of the GGF for the whole life of the proposed project.</p>					

procurement arrangements, strengthened financial management, enhanced public disclosure, involvement of civil society, a complaints mechanism, a code of ethical conduct, and sanctions. With this in place, as well as the previously adopted Financial Management Manuals, and Operational Manuals for previous projects in the sector, MoEYS has clearer lines of who will make decisions for the project. Previous Bank-financed projects in the sector in Cambodia have demonstrated that MoEYS is structured in such a way that various levels of its management can take decisions related to their respective areas of expertise.						
	Resp: Bank/Client	Stage: Preparation and Implementation	Recurrent: X	Due Date: N/A	Frequency: Semi-Annual	Status: In Progress
Project Risks						
Design	Rating	Low				
Description: The design is a straightforward grant through the Investment Grant Financing, a modality with which MoEYS is thoroughly familiar through previous Bank projects. Moreover, almost all of the interventions being considered for this operation have been piloted in previous Bank projects in the sector, and this project builds on the foundation established by previously deployed interventions. Some interventions being considered, however, are new for the MoEYS, and there is a risk that some non-piloted interventions will not be punctually implemented. Previous experience from Bank projects has shown that some activities have not progressed on time (e.g., large scale of civil works, and non-piloted intervention including EGMA). Moreover, the complexity of the project with multiple implementing departments within MoEYS continues to represent a risk to the overall quality of delivery.	Risk Management: The implementing agency and the project team will work together with concerned DPs to provide additional implementation support in the early stage of implementation period with so as to avoid implementation delays of those activities. In addition, the fiduciary training provided to MoEYS will anticipate these issues and possible solutions to them before they arise.					
	Resp: Bank/Client	Stage: Implementation	Recurrent: X	Due Date: N/A	Frequency: Semi-Annual	Status: In Progress
Social and Environmental	Rating	Low				
Description: With regards to construction, there are likely to be some concerns relating to inconveniences or nuisances to surrounding areas during building.	Risk Management: For the purpose of enhancing environmentally-friendly measures and mitigating any adverse impacts caused by the construction activities, this project has prepared an Environmental and Social Management Framework (ESMF). incorporating the lessons learned from the					

<p>There is a risk that the most disadvantaged children, particularly those with disabilities and/or those from poor families, may not be reached or are not allowed to access to either formal or non-formal education interventions.</p>	<p>ESSSUAP, including a checklist on construction sites, a checklist on Environmentally Friendly Design Criteria, Environmental Codes of Practice (ECOP), institutional arrangements to follow the Plan, and requirements on monitoring, supervision and reporting. Moreover, consultations on environmental safeguards related to school construction-related issues will be carried out with communities and local authorities prior to any renovation to ensure appropriate planning, use of materials and land, and to ensure adherence to existing standards and environmental guidelines.</p> <p>The project will incorporate proven strategies based on successful experiences from other education projects for disadvantaged communities in Cambodia to find and encourage the enrollment of these groups. These are incorporated into the Indigenous Peoples’ Planning Framework (IPPF) developed by the MoEYS. Additionally, stakeholder consultations about the project will occur frequently during preparation to raise awareness about the project’s interventions.</p>					
	Resp: Client	Stage: Preparation and Implementation	Recurrent: X	Due Date: N/A	Frequency: Semi-Annual	Status: In progress
Program and Donor	Rating	Low				
<p>Description:</p> <p>The Education Sector Working Group (ESWG), which includes some 10 donors and civil society organizations, has endorsed the Proposal for GPE and will not object to the Project. Donor collaboration continues to be good. The project interventions are firmly in line with the donor-endorsed ESP.</p>	Risk Management: <p>The implementing agency will continue to promote effective donor coordination through active dialogue with donors as an ongoing agenda for the monthly Education Sector Working Group. The project will keep donors updated about the project through joint missions, frequent consultation, and meetings.</p>					
	Resp: Client	Stage: Preparation and Implementation	Recurrent: X	Due Date: N/A	Frequency: Semi-Annual	Status: In Progress
Delivery Monitoring and Sustainability	Rating	Moderate				
<p>Description:</p> <p>Previous experience from Bank projects in the sector have shown that contract management for MoEYS may present a risk for timely implementation and delivery of interventions.</p> <p>Secondly, monitoring and evaluation using the new results-based monitoring framework is new for MoEYS.</p> <p>Though the government has mainstreamed many of key project activities in ESSSUAP and CESSP which have shown positive impacts on education outcomes, mainstreaming key activities of</p>	Risk Management: <p>Intensive supervision missions, frequent review of the implementation plans, and diligent following up with MoEYS on the state of its communication and enforcement of penalties with contractors will help the implementing agency improve its contract management. Additionally, the supervision missions will afford the project with external procurement oversight.</p> <p>The Task Team will continue to work in partnership with concerned departments and DPs to improve the quality of results-based monitoring framework through participation in the MoEYS-led results monitoring consultations and exercises. Additionally, component 4 of the project will help MoEYS strengthen its monitoring framework for the project.</p>					

the project into the Program Budget may be a challenge: the education budget share has been reduced vis-à-vis the total national budget every year since 2007.	For this project, only key activities for achieving the Education Strategic Plan have been selected by MoEYS and DPs as interventions. Hence there will be low risk in sustainability of activities.					
	Resp: Client	Stage: Preparation and Implementation	Recurrent: X	Due Date: N/A	Frequency: Semi- Annual	Status: In Progress
Overall Risk						
Preparation Risk Rating: Moderate			Implementation Risk Rating: Moderate			
Description: The overall preparation risk is Moderate because of the governance risks. This is despite the fact that the proposed Grant is a follow-on Project and there has been strong support in all segments of society and from development partners.			Description: The Implementation Risk Rating is Moderate primarily because of the capacity risks			

Annex 5: Implementation Support Plan

CAMBODIA: SECOND EDUCATION SECTOR SUPPORT PROJECT

1. The project's strategy for implementation support is based on the project ORAF (see Annex 4) and its risk mitigation measures. Implementation support will focus on the capacity risks related to sectoral and technical aspects of the project, as well as those related to fiduciary concerns. Intensive supervision missions, frequent review of the implementation plans, and diligent follow up with MoEYS on the state of its communication and enforcement of penalties with contractors will help the implementing agency improve its contract management. Additionally, supervision missions will afford the project external procurement oversight. The Implementation Support Plan (ISP) is founded on semi-annual intensive supervision missions and continuous sectoral and technical oversight. The ISP covers the following dimensions:

(a) Project Supervision Missions: Implementation support from the Bank will be provided through supervision missions conducted every six months. These missions will be conducted in collaboration with MoEYS and other donors, including the Education Sector Working Group (ESWG), which includes some 10 donors and civil society organizations. (Annex 3 provides further detail on Partnership Arrangements for the Joint Sector Reviews.) At least one of these missions each year will include field visits. MoEYS will prepare a detailed six-month implementation report to be shared with the Bank one month prior to the supervision mission. The Bank will provide technical assistance as requested by MoEYS to help prepare these reports.

The occasion of supervision missions will provide the Bank with extensive information regarding Project implementation submitted prior to the mission, and will lead to the identification of key implementation issues and bottlenecks as well as the necessary corrective measures agreed between MoEYS and the Bank. The Supervision Mission teams would also meet with the ESWG to share and discuss the findings of each Mission.

(b) Continuous Sectoral and Technical Oversight: Knowledgeable Bank staff and technical consultants will provide advice and exchange views to ensure:

(i) Component 1 – Expansion of high quality ECE services and primary school scholarship program. Expertise is available within the Bank on the key themes in this component including ECE services, disability and inclusion.

(ii) Component 2 – Rigorous review, effective administration and use of results of EGRA and EGMA assessments annually.

(iii) Component 3 – Improvement in teacher quality and pedagogical practices, establishing the systems for data collection and classroom observation.

(iv) Component 4 – Set up of early childhood and primary education sub-sector results based management, project grant management, and monitoring and evaluation systems. This will include support to MoEYS as well as national and international technical advisors for grant management to generate capacity in the

implementing agency and associated beneficiary institutions. The Task Team will continue to work in partnership with concerned departments and DPs to improve the quality of the results-based monitoring framework through participation in the MoEYS-led results monitoring consultations and exercises.

(c) Financial Management oversight: This aspect will ensure adherence to the project implementation manual and provide training on proper financial management. Capacity building will be continued to address the fiduciary risk issues. Training for Procurement, FM and auditing staff will be provided on an ongoing basis to help ensure necessary controls are in place and that sound procurement and financial management practices are being implemented. In addition, International and/or National Individual Technical Consultants for these areas will be engaged by the project. The implementing agency and the project team will work together with concerned DPs to provide additional implementation support in the early stage of implementation period so as to avoid implementation delays of those activities. In addition, the fiduciary training provided to MoEYS will anticipate these issues and possible solutions to them before they arise.

(d) External Audit. An independent external auditor will be engaged to conduct the audit of the entire project. The audit will be carried out with greater emphasis on internal controls, according to a ToR acceptable to the Bank. An annual audit report will be required to be submitted to the Bank within 6 months after the end of calendar year. Auditors' reports would be shared with MoEYS, Ministry of Finance and the Bank, and would be posted on the Project website, with specific review and agreement on corrective actions undertaken during the Project supervision missions each year.

(e) Procurement aspect: Provide training to all agencies conducting procurement on procurement procedures acceptable to the Bank.

(f) Local Technical and Fiduciary Support. A local education specialist in the Country Office will serve as Chief Technical Advisor to provide technical support for the annual planning and implementation of the Projects, and liaise with other education partners in the field. In consultations with the Task Team Leader (TTL), this specialist would also work with local Bank FM and Procurement staff to ensure project receives timely fiduciary support.

(g) Donor Coordination: The team will continue to promote effective donor coordination through active dialogue with other donors as an ongoing agenda for the monthly Education Sector Working Group. The project will keep donors updated about the project through joint missions, frequent consultation, and meetings. Annex 3 provides further details of the project's partnership arrangements.

2. The Bank team will assist GOC to access international TA resources by providing contact information about such resources, but it is not envisaged at the current stage that the Bank will directly finance these activities as implementation support. As outlined in the ORAF, the Bank has also developed several other operations in Cambodia that are aimed at improving institutions.

3. Composition of the Bank Implementation Support Team. The Bank's team consists of a senior education specialist/TTL, local specialist, operations officer, social development specialist, environmental specialist, engineer/architect, financial management specialist and procurement specialist. MoEYS would also be encouraged to nominate several members from its staff to participate in the supervision missions.

I. The main focus of support in terms of support to implementation

Time	Focus	Skills Needed	Staff Weeks
First twelve months	Project Management; Details of Implementation Arrangement; Setting up of early childhood and primary education subsector monitoring system; Education policy research regarding project activities	Expertise on early childhood and primary education monitoring system; Operational expertise; Policy research expertise	10
	Procedures and normative framework for planning and finance and implementation of ECE and basic education activities in Cambodia	National ECE and basic education policy and implementation specialist	5
	Financial Management training and supervision: Financial Management section of Project Implementation Manual	Financial Management specialist	4
	Procurement training and supervision: Procurement section of Project Implementation Manual and preparation of bid documents	Procurement Specialist; Engineering consultant	4
	Environmental Safeguards training and supervision; EMP, ECOP, checklist, and IPPF implementation	Environmental and social safeguards specialists	2
	Monitoring and evaluation training and supervision: M&E framework for the project developed	M&E specialist	4

12-36 months	Project Implementation Support; Mid-Term Review of project; Continued support on ECE and basic education policy research	Expertise about ECE and basic education policies and reform; Operational expertise; Policy research expertise	-
	Procurement: Periodic reviews as required by Bank policy	Procurement specialist	-
	Financial Management: Annual Financial Statement review and auditing report review	Financial Management specialist	-

II. Skills Mix Required

Skills Needed	Number of Staff Weeks	Number of Trips (per year)
Education specialist and Task Team Leader	7	2
Education specialist	4	2
Operations Officer	3	1
FM specialist	5	2
Procurement specialist	5	2
Social Development specialist	2	2
Environmental Specialist	2	2

Annex 6: Outputs of the Education Sector Scale Up Action Program (2008-2012)

CAMBODIA: SECOND EDUCATION SECTOR SUPPORT PROJECT

1. The Education Sector Support Scale Up Action Program (ESSSUAP) made a significant impact in reorienting Cambodia's education sector to focus on key challenges of access and equity; its lasting impacts have transformed the way Cambodia's education system functions today.
2. The ESSSUAP was financed by the international donor community through the Education for All Fast Track Initiative (EFA-FTI) Catalytic Fund and was administered by the World Bank in its capacity as Supervising Entity (SE). The objective of the EFA-FTI was to provide financial assistance to help low- and middle-income countries around the world achieve the Millennium Development Goal (MDG) on education. As a prerequisite to accessing financing from EFA-FTI, every country was required to, in consultation with development partners, put forward a new or revised sector plan that would lay the foundation for the project interventions that were to be financed.
3. Project preparation was notable for its strong linkages to the ESP and Government strategy. Through the parallel preparation of the project and the sector plan, the Bank task team, in its role as SE, re-oriented the stakeholders in the sector to focus on the most pressing challenges of access and quality. Through many consultations, workshops, and seminars, the Bank led the local education group to focus on the following issues as the cornerstones for Cambodia's reform program: (a) over-age enrollment, (b) gender disparities, (c) low primary completion and high primary repetition and dropout rates, (d) the high cost of education, (e) poor pupil to teacher ratios, (f) poor learning outcomes, and (g) education management decentralization.
4. The resulting ESP for Cambodia that was strongly endorsed by the EFA-FTI Board for its quality, relevance, and attention to the vulnerable and disadvantaged, as well as for the enhanced harmonization of donor activities that created consensus on the most urgent issues in pre-primary and basic education. The ESSSUAP interventions were intentionally aligned with the core interventions articulated in the ESP. The government activities, other donor activities in education quality and capacity improvement, and the ESSSUAP activities, constituted the overall policy and investment environment in pre-primary and basic education in Cambodia.
5. ESSSUAP had three components and a number of sub-components:

Component 1: Early Childhood Education Expansion (US\$4.7 million or 8.2 percent of total) included the following three sub-components:

- (i) *1.1: ECE Facilities Expansion* (US\$2.6 million or 4.5 percent of total)
- (ii) *1.2: Home- and Community-Based ECE Expansion* (US\$1.2 million or 2.0 percent of total)
- (iii) *1.3: ECE Development Policy and Capacity Building* (US\$0.9 million or 1.6 percent of total)

Component 2: Improving Primary Education Access and Quality (US\$50.7 million or 88.3 percent of total) comprised the following five sub-components:

- (i) *2.1: Expanding Primary Education Facilities* (US\$39.9 million or 69.5 percent of total)
- (ii) *2.2: Stimulating Demand for Education* (US\$1.9 million or 0.3 percent of total)
- (iii) *2.3: Support to Child Friendly Schooling* (US\$6.3 million or 10.9 percent of total)
- (iv) *2.4: School Improvement Grants* (US\$1.5 million or 2.6 percent of total cost)
- (v) *2.5: Instructional Materials Provision* (US\$1.0 million or 1.8 percent of total)

Component 3: Institutional Development and Capacity Building (US\$2.0 million or 3.5 percent of total) consisted of the following two sub-components:

- (i) *3.1: District Offices of Education Facilities Expansion* (US\$0.9 million or 1.6 percent of total)
- (ii) *3.2: Financial Management, Procurement and Program Management Capacity Building* (US\$1.1 million or 1.9 percent of total)

Component 1: Early Childhood Education Expansion

6. The objective of this component was to increase the number of young Cambodians in disadvantaged communes who benefited from ECE services through the construction of new formal pre-school classrooms, as well as the development of new community- and home-based ECE interventions. The outputs of this component are summarized in table A6.1.

Table A6.1 Component 1 Output Summary

Component 1 Activities	Outputs
ECE classrooms	424
Pre-school Resource Center	25
Pre-school Teacher Training Center	1
Community Pre-school (CPS)	450
Home-Based Education Program (HBEP)	450
ECE Monitoring & Evaluation (M&E) Framework	1

Component 2: Improving Primary Education Access and Quality:

7. The objective of this component was to promote the ESSP 2006-10 goal of universal primary completion through the construction of new primary classrooms and provision of demand-side incentives, while promoting Child Friendly Schooling (CFS) initiatives to enhance educational quality and strengthening teacher professional capacity. Despite the difficulties resulting from cost escalation throughout project period and extensive floods in 2011, a significant number of civil works were constructed and other related quality improvements comprising this component were achieved.

Table A6.2 Component 2 main output summary

Component 2 Activities	Outputs
Incomplete Primary Schools	424
Overcrowded Primary Schools	63
Scholarships awarded	21,870
School Improvement Grants awarded	606
Number of teachers trained	66,814 ³³
Number of school principals trained	2,861
Number of MoEYS administrators trained	434
Number of schools receiving reading materials	590

Component 3: Institutional Development and Capacity Building:

8. The purpose of this component was to enable decentralized educational management and monitoring by DOEs, Provincial Offices of Education (POE) and the Inspectorate of Education. The impetus for these interventions was the rollout of a new school inspection policy, geared towards enhancing direct support services and responsiveness to school needs. ESSSUAP also financed the strengthening of administrative processes for procurement and financial management at central, provincial and district levels. The outputs of this component were met.

Table A6.3 Component 3 main output summary

Component 3 Activities	Outputs
Number of District Offices of Education built	60
Number of government officers receiving capacity building trainings	495

Table A6.4 Actual disbursement by expenditure category and by component (US\$ million)

Category	Component 1	Component 2	Component 3	Total
Goods	0.33	6.13	0.4	6.84
Civil Works	1.48	26.37	1.11	28.96
Consultants Services	0.14	2.65	1.06	3.85
Training & Workshops	1.97	9.02	1.19	12.17
Incremental Operating Costs	0.18	2.96	0.52	3.66
School Improvement Grants	-	0.53	-	0.45
Scholarship Grant	-	0.93	-	0.29
POC	-	-	0.30	0.29
Total	4.09	47.86	4.56	56.51

³³ This figure includes central, provincial and district education officers and administrators.

9. Significant progress in key indicators was made during the life of the Project. The national ECE enrollment rate of 3-5 year olds grew from 15.57 to 28.89 percent, the net admission rate to grade 1 increased from 89.50 to 94.10 percent, the primary net enrollment rate increased from 93.30 to 96.40 percent, the primary completion rate increased from 86.25 to 89.70 percent, and the grade 1 repetition rate improved from 18.80 percent to 10.90 percent during the life of the Project. These improvements were far higher than the low-income country averages for these indicators during the same period.

10. Other important achievements also included: (a) the establishment of new community pre-schools; (b) the support of new home-based education programs; (c) in-service pedagogical support and supervision; (d) training in child-friendly school methodologies; (d) training for MoEYS administrators; (f) training for principals; (g) the issuance of new school self-assessment and planning tools; (h) the construction of District Education Offices; (i) fiduciary training to MoEYS officials; and (j) the IDA CORE indicator on the system of learning assessment.

11. Indeed, the delivery of outputs is a clear indication of good implementation progress by the task team. Other indications of good progress and notable successes were not captured by the results framework but testify to the impact of the Project. The rollout of EGRA, the innovative and pioneering disability prevalence study, the outstanding scholarship evaluation that provided scientific evidence of the effectiveness of demand-side interventions, and the inclusion of ECE onto Cambodia's development agenda for the first time are significant achievements that should not be discounted; they helped Cambodia make solid progress toward achieving many of the goals in the ESP.

12. Moreover, as the technical audit showed, the project had numerous substantial impacts on pre-primary and primary enrollments and right-age entry in project-supported schools compared to non-project-supported schools. The independent technical audit, which took place during the final year of the Project, sampled 64 schools to determine the extent to which project interventions reached their intended beneficiaries. The audit also shed light on whether project outputs met those forecasted in the annual operational plans. The findings of the audit were positive. There was evidence from the sample that ESSSUAP interventions were positively correlated with increased enrollment. For the sample of schools audited, overall average enrollment in Grades 1-6 had increased by 7.2 percent in the schools receiving project interventions between 2009/2010 and 2011/2012, while overall enrollment in the non-project schools in the same districts decreased by 2.44 percent during the same period. There had been an exponential increase in enrollment rates (on the order of 489 percent) in ESSSUAP-audited formal pre-schools between 2009/2010 and 2011/2012 with the new formal pre-school classes that were constructed under the project. And by constructing more classrooms in incomplete primary schools, ESSSUAP schools increased enrollments in Grades 5 and 6. Grade 5 enrollment in the ESSSUAP schools audited increased by 16.7 percent between 2009/2010 and 2011/2012, while Grade 5 enrollment in non ESSSUAP schools in the same district decreased by 2 percent. Total Grade 6 enrollment in the ESSSUAP audited schools increased by 29.8 percent between 2009-10 and 2011-12, whereas total Grade 6 enrollment in non-ESSSUAP schools in the same district increased by 7.9 percent.

13. This proposed GPE grant in the amount of US\$38.5 million is a follow-on operation of the ESSSUAP. The proposed project seeks to strengthen the foundation and build on the achievements of ESSSUAP by supporting pre-school education for the 3-5 age group and improving the access to and quality of education for Cambodia's disadvantaged and vulnerable populations. ECE service delivery modalities expanded under ESSSUAP, such as Home Based Pre-schools and Community Pre-schools, will continue and be sustained under the new project, as will EGRA activities and the scholarship scheme. Under this new Grant, new and follow-on activities are being designed based on implementation lessons learned from Scholarship program. The interventions will complement the existing interventions of Cambodia's development partners and will build capacity within the Ministry to sustain the interventions once the proposed project closes.