JFPR APPRAISAL & PROJECT DESIGN FOR ASSISTANCE TO POOR GIRLS AND INDIGENOUS CHILDREN: Situation Analysis & Strategic Options

PREPARED BY:
Kampuchean Action for Primary Education

FOR:
The Ministry of Education, Youth, and Sport

Funded by:
THE ASIAN DEVELOPMENT BANK
Table of Contents

Executive Summary

1. Introduction ................................................................. 1
   1.1. Background and Goals
   1.2. Main Elements of the Currently Proposed JFPR Program

2. Situation Analysis and Implications ..................................... 3
   2.1. General Enrolment Levels
   2.2. Inequitable Access with Respect to Demographic Groupings and Grade Level
   2.3. Educational Access and Distance
   2.4. Educational Access in Provinces with Indigenous Minorities
   2.5. Socio-cultural Factors that Depress Access to Education
   2.6. Educational Access and Poverty Levels
   2.7. Cost Factors

3. Important Issues in Developing an Incentives Program in Cambodia ........ 14
   3.1. Current Coverage
   3.2. Sustainability
   3.3. Lessons Learnt
      3.3.1. Costs
      3.3.2. Local Stakeholder Participation and Capacity Building Requirements
      3.3.3. Procurement Issues
      3.3.4. Targeting and Selection
      3.3.5. Need for Complimentary Programs
      3.3.6. Phasing of Intake
      3.3.7. Diversity in Beneficiary Packages
      3.3.8. Financial Disbursement and Monitoring

4. Strengths and Weaknesses of the Proposed Program and Strategic Options .... 20
   4.1. Coverage and Targeting
      4.1.1. Current Features
      4.1.2. Analysis and Strategic Options
   4.2. Beneficiary Selection and Management
      4.2.1. Current Features
      4.2.2. Analysis and Strategic Options
   4.3. Social Credit, Management Arrangements, and Monitoring
      4.1.1. Current Features
      4.1.2. Analysis and Strategic Options

Annex 1: NGO Survey Data and Focus Group Discussion Records
Annex 2: Sample Forms Used in Scholarship Programs
Annex 3: Graphs Outlining Province Rank on Selected Indicators
1. Introduction

1.1. Background and Goals

In accordance with the Education Sector Support Program 2001-5 of the MoEYS to increase educational access and equity to all Cambodian children, the Japan Fund for Poverty Reduction (JFPR) will be providing a large grant to the Royal Government of Cambodia for the provision of economic incentives to poor children. The grant responds to that component within the ESSP entitled Priority Action Program 11 (PAP 11): Equitable Access – Scholarships for the Poor. The grant is to be channeled through the Asian Development Bank and will provide a foundational source of funding to institutional efforts within the Ministry to support the education of society’s poorest and most disadvantaged children. Unlike many of the priority action programs in the ESSP, the present program is not currently planned to be administered through the Government’s recurrent budget but will, with JFPR backing, be developed as a discrete project under the oversight of the MoEYS.

As a preliminary step to putting the proposed assistance in motion, the ADB has prepared a concept note that outlines in very broad terms the scope, goals, and operating structure of the project. The purpose of this report is to review the strengths and weaknesses of this document and to set out some strategic options to be considered by a Steering Committee with broad representation from MoEYS departments and other relevant stakeholders. The report is the first step in assisting the Committee in its eventual determination of the exact form and scope for the proposed assistance project. This report will be followed by 2 additional reports that will finalize in more precise terms a strategic plan laying out the groundwork for project development activities planned during the early and middle part of 2002. The report will specifically address the following needs in project design:

- Determining the factors that contribute to variations in access to basic education;
- Selecting strategies to improve equitable access to basic education based on the lessons learned by local and international organizations with experience in this area in the Cambodian context;
- Establishing an appropriate scope for the program including number of beneficiaries, geographical coverage, and school sector targeting (i.e., primary, lower secondary, and upper secondary);
- Identifying key incentives that are appropriate for target groups and target locations;
- Establishing institutional and management structures for administering the proposed assistance;
- Synchronizing the assistance program with relevant structures outlined in the Government’s Education Sector Support Program (ESSP);
- Setting up a monitoring system to ensure efficient administration of the program;

1.2. Main Elements of the Currently Proposed JFPR Program

In its current form, the JFPR program is characterized by the establishment of a revolving fund at the community level to provide social credit to improve accessibility to basic education for poor girls residing in rural areas and poor ethnic minority students. Basic education in this respect covers Grades 1 to 9. Unlike traditional scholarship programs, credit is to be provided to the parents of those children to establish income generating activities, a minimum of 20 percent of the profit of which shall be used to meet major education expenditures such as transport, school- and workbooks, fees, and uniforms.
To make the scheme attractive for poor families to send their children to school, the interest rate will be determined on the current market rate for sustainable microfinance minus an education for the poor bonus of 40 percent. For each additional girl from a poor family, and each additional child from an indigenous family, the interest rate for the SOCEF will be fully covered by the JFPR. The project will not provide for additional training and other support activities for income generation. The costs for the SOCEF is estimated at $2.0 million.

In addition, the JFPR project will field-test possibilities for income generation for the poor through the creation of micro enterprises centered around schooling e.g., bicycle repair, uniform making, supply of basic education materials, and providing for school repairs and upgrading. The facilities component of the counterpart ESDP loan will also complement these opportunities for sustainable and structural poverty reduction. The credit from the JFPR revolving fund can be used to build up income by the poor through employment demanded from ESDP. Both the JFPR and ESDP projects will help stimulate the local economy and provide short-term employment and incomes, thereby reducing rural poverty.

Several built-in innovative measures ensure long-term sustainability of the JFPR supported activities: (I) Instead of grant-based education support as provided under traditional scholarship programs, the JFPR will arrange for social credit from a revolving fund and, (ii) to guarantee repayment of the scholarship fund, the money will provided not as block-fund to the family but only for viable income generation activities of the parents that would generate any form of additional income a part of which will then be used for the education expenditures.

An independent Project Management Office (PMO) is to be financed under the JFPR project to coordinate the implementation of all project components. This PMO will not comprise government staff. It is to be located in one of the two or more pilot provinces. PMO staff closely liaise with MOEYS and ADB on general policy matters. The design and implementation will draw on participatory community based management and implementation approaches pioneered under a World Food Program.

At each provincial level, a Project Coordination Committee (PCC) will be established to provide policy guidance for the JFPR implementation. This PCC will comprise (I) from the Government one representative each from MOEYS central and provincial office, the Ministry of Economy and Finance, the Ministry of Planning, and the Ministry of Veterans and Women’s Affairs; (ii) from the local commune three representatives (one teacher, one poor farmer, one indigenous person; a minimum of one of them being a woman) selected on a yearly rotating basis after nomination from the PMO; and (iii) one representative from the PMO.

BOX 1: Main Elements of the Proposed JFPR Incentives Program

- Incentives to selected students linked to a credit program that produces capital to fund the incentives to be provided to target groups;
- A community administered skills training and credit program that ensures sustainability of the proposed aid, replenishment of scholarship funds, as well as simultaneous income generation for local communities;
- Focus on girls and minorities in 2 provinces;
- Further expansion of the breakfast program in food insecure areas currently supported by the World Food Program (WFP);
- Project administration to occur through an independent Project Management Office (PMO).
2. Situation Analysis and Implications

In order to best assess the feasibility of the program described above, it is useful to review the situational context in Cambodia, in particular with respect to those factors that limit access to basic education.

2.1. General Enrolment Levels

Although levels of enrolment at primary level now stand at 83.8% (80.7% among girls), enrolment drops precipitously at lower secondary level where the comparable levels of enrolment are 16.6% and 13.7%. This is particularly true in the Northeast and the Southwest where the availability of secondary school facilities is severely constrained (see Map 1). The access problem, however, is not so easily solved simply by the provision of infrastructure and teachers. In the areas of the Northeast where the majority of the population is composed of minorities, the problems that constrain enrolment are very complex. In these provinces, minority groups often drop out long before reaching lower secondary. A combination of factors such as the need for a bilingual curriculum, local teachers who can speak the local language, school sessions that occur after the sun sets (when children are free), and mobile schools to follow migratory communities as they move their villages from place to place are all being considered by stakeholders. The formal school system is woefully unable to address any of these factors, particularly when the traditional response is to provide additional infrastructure.

The underrepresentation of girls is also a major problem at the upper primary and secondary level. According to a seminal study by CARE (1998), participation rates among girls begin to start dropping at Grade 4. By the time children reach Grade 7, girls have declined in number sig-

Map 1: Net Enrollment Levels at Lower Secondary

![Map 1: Net Enrollment Levels at Lower Secondary](image-url)
nificantly. Although overall levels of enrolment drop greatly for both boys and girls, representation among girls is, without exception, lower in all provinces (Figure 1). Once again, one can see that this problem is particularly bad in the minority areas of the Northeast (Ratanakiri, Preah Vihear, Mondulkiri) and the Northwest (Oddar Meanchey, Pailin). Thus, the emphasis of the JFPR concept note fits well with the situation on the ground in terms of underserved demographic groupings (at least in relative terms). It should be noted, however, that analyses of geographical need have to be balanced against considerations of population density. In this respect, the remote provinces of the Northeast comprise only 3% of the total population whereas the remote provinces of the West (Oddar Meanchey, Pailin, and Koh Kong) comprise only 2%. Thus, any strategic allocation of scarce resources needs to take account of the low density population in these areas.

2.2. Inequitable Access with Respect to Demographic Groupings and Grade Level

An analysis of dropout rate in Cambodia indicates that, with the exception of minority groups, there is remarkable congruence with respect to the grade level at which various demographic student groupings begin to drop out of school (Figure 2). In this respect, dropout begins to spike at Grade 5 and tends to peak at the Grade 7 and 9 levels (Grade 8 shows slight tapering). At the upper secondary level, rates decline until the terminal exit point at Grade 12 when they again begin to increase.

Among minority groups in Ratanakiri, a representative minority province, dropout rates start at a very high level from Grade 1 and peak at Grade 3 which is when most children have to move to a primary school in the district town to continue their studies (most schools in minority areas only offer educational services up to the Grade 2 or 3 level). Since most minority children do not enroll in school until they are 10 years old, opportunity labor costs begin to exert a strong
pressure from a very early Grade level. This is quite different from the lowland regions where most children begin their formal schooling from the age of 6 or 7. Other important anomalies in the dropout data indicate that rural females have among the highest rates of any demographic group and that these remain very high throughout the lower secondary cycle. Conversely, urban boys tend to have higher rates than urban girls suggesting that they are a special target group to be considered should an incentive program be set up in an urban area.

Gender parity indices for enrolment at the Grade 6 level are much higher than at Grade 7 in all provinces. With the exception of one or two provinces (i.e., Oddar Meanchey and Ratanakiri), these range from a relatively narrow range of about 0.68 to 0.88 for Grade 6 but then drop to a much lower and wider range of 0.40 to 0.80 at Grade 7 (Figure 3) again suggesting lower secondary school as an appropriate level at which to target an incentive program.
Transition rates to secondary school in general seem to be rather good in most provinces, all things considered. The national transition rate among girls is reported to be 71.1% and as high as 87.9% in an urban area like Phnom Penh (Figure 4). This compares with total transition rates of 77.3% (at national level) and 91.1% (in Phnom Penh). What these rates mask, however, is the very low base of enrollment among girls in Grade 6 to begin with. Thus, transition rates among girls appear to be relatively high while in reality, boys vastly outnumber girls in lower secondary school by a margin of 2 to 1. Gender parity in enrollment is, therefore, a much better indicator of need than transition rate.

2.3. Educational Access and Distance

Given the precipitous decline in enrolment observed at lower secondary level where there are fewer schools and catchment areas tend to be larger, the role of distance looms large as a factor, particularly among girls. Prefeasibility studies conducted by some pilot incentive programs such as those operated by KAPE and CARE highlight distance as a major impediment for a large number of children in moving from a feeder primary school to the nearest high school. The relationship between distance and security fears among the parents of girls, however, has not been clearly demonstrated. For example, a study by CARE found that security fears were stronger in urban areas where distance to school is not a major problem but another study by KAPE found a weak correlation between distance and school attendance (-.013, p<.002).

The Ministry’s GIS mapping system indicates that over 13,601 Grade 6 students who are eligi-
ble to attend Grade 7 live over 9 km from the nearest high school (Table 1). Provinces with 1,000 students or more in this category include Bantheay Meanchey, Kampong Cham, Kampot, and Svay Rieng. Such students would surely need assistance with transport costs such as bicycles or boarding charges to live close in to the high school as is currently provided in most incentive programs operating in country.

Table 1: Distance of Grade 6 Students to the Nearest Lowest Secondary School

<table>
<thead>
<tr>
<th>Province</th>
<th>Under 3 km</th>
<th>3 to 6 Km</th>
<th>6 to 9 Km</th>
<th>Over 9 Km</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bantheay Meanchey</td>
<td>4105</td>
<td>1526</td>
<td>637</td>
<td>1211</td>
</tr>
<tr>
<td>Battambang</td>
<td>8047</td>
<td>1510</td>
<td>251</td>
<td>412</td>
</tr>
<tr>
<td>Kampong Cham</td>
<td>11360</td>
<td>5805</td>
<td>2293</td>
<td>2922</td>
</tr>
<tr>
<td>Kampong Chnang</td>
<td>2481</td>
<td>1040</td>
<td>414</td>
<td>815</td>
</tr>
<tr>
<td>Kampong Speu</td>
<td>3488</td>
<td>2561</td>
<td>599</td>
<td>914</td>
</tr>
<tr>
<td>Kampong Thom</td>
<td>3524</td>
<td>1671</td>
<td>337</td>
<td>801</td>
</tr>
<tr>
<td>Kampot</td>
<td>3760</td>
<td>2961</td>
<td>803</td>
<td>1141</td>
</tr>
<tr>
<td>Kandal</td>
<td>11876</td>
<td>4159</td>
<td>612</td>
<td>653</td>
</tr>
<tr>
<td>Kep</td>
<td>88</td>
<td>176</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Koh Kong</td>
<td>416</td>
<td>100</td>
<td>28</td>
<td>110</td>
</tr>
<tr>
<td>Kratie</td>
<td>1797</td>
<td>597</td>
<td>334</td>
<td>496</td>
</tr>
<tr>
<td>Mondulkiri</td>
<td>102</td>
<td>0</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Oddar Meanchey</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Pailin</td>
<td>85</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Phnom Penh</td>
<td>17851</td>
<td>592</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Preah Vihear</td>
<td>490</td>
<td>22</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Prey Veng</td>
<td>7199</td>
<td>4326</td>
<td>633</td>
<td>724</td>
</tr>
<tr>
<td>Pursat</td>
<td>2254</td>
<td>1153</td>
<td>246</td>
<td>473</td>
</tr>
<tr>
<td>Ratanakiri</td>
<td>154</td>
<td>26</td>
<td>14</td>
<td>97</td>
</tr>
<tr>
<td>Siem Reap</td>
<td>3655</td>
<td>1369</td>
<td>523</td>
<td>926</td>
</tr>
<tr>
<td>Sihanoukville</td>
<td>1430</td>
<td>219</td>
<td>60</td>
<td>154</td>
</tr>
<tr>
<td>Steung Treng</td>
<td>413</td>
<td>18</td>
<td>55</td>
<td>140</td>
</tr>
<tr>
<td>Svay Rieng</td>
<td>3168</td>
<td>2955</td>
<td>1022</td>
<td>1099</td>
</tr>
<tr>
<td>Takeo</td>
<td>7530</td>
<td>5199</td>
<td>383</td>
<td>393</td>
</tr>
<tr>
<td><strong>Whole Kingdom</strong></td>
<td><strong>95273</strong></td>
<td><strong>37985</strong></td>
<td><strong>9353</strong></td>
<td><strong>13601</strong></td>
</tr>
</tbody>
</table>

Note: Highlighting indicates provinces with over 1,000 students living 9 km or more from the nearest lower secondary school.

Source: EMIS, 1999

2.4. Educational Access in Provinces with Indigenous Minorities

The majority of indigenous minorities in Cambodia are clustered in the Northeastern provinces of Ratanakiri, Preah Vihear, Mondulkiri, and Stung Treng. There are also large indigenous minority populations in Kratie, Kampong Thom, and Kampong Cham Provinces but the lowland Khmer constitute the majority group in these provinces. The largest of the Northeastern provinces in terms of population are Preah Vihear with 114,000 persons and Ratanakiri with 94,000. Because several interventions are currently under way in Ratanakiri Province to increase access to the formal education system there, a number of interesting data sources that highlight inequ-
ties in access have recently become available. For example, a study by CARE has shown that while Khmer students comprise only 19% of the provincial population, they make up about 87% of the high school population.\(^5\)

In contrast, hilltribe groups that comprise approximately 66% of the provincial population make up less than 10% of the students enrolled at the province’s only secondary school. Although the Lao are not considered an indigenous people in Ratanakiri, they too tend to be underrepresented in the school system. The uneven representation of indigenous and Lao ethnic groups in the provincial high school is illustrated in Figure 5. This underrepresentation worsens as the grade level increases so that by Grades 11 and 12, there is hardly any minority representation.

As noted earlier, children in Ratanakiri and other minority areas face huge access barriers after Grade 3 (when they have to move to a primary school based in the district town) and again at Grade 7 (when they have to move to the only high school in the province which is located in the provincial capital). By focusing only on Grade 6 students, Table 1, therefore, underestimates the number of children for whom distance is a major access obstacle in minority provinces such as Ratanakiri.

An incentive program that subsidizes transport costs and boarding facilities could surely increase enrolment for a number of children but it is unclear whether there would be enough beneficiaries to justify the start up of a special incentives program with this focus. As noted earlier, the underrepresentation of minorities goes far beyond distance concerns and lack of school facilities. Focus group discussions with parents and teachers in the province highlighted opportunity costs as the major impediment. This is linked with late enrolment patterns at around age 10 (when children’s labor is more valuable), social norms that encourage early marriage (reportedly 14 for girls and 15 or 16 for boys), and antipathy to the mainstream curriculum A number of agencies such as ICC are currently trying a number of innovative interventions that provide bilingual education programs using local teachers.\(^6\) Classes are held at night (using solar batteries charged during the day) when children are free and do not have to engage in plantation work with their families. These agencies have reported that many parents view academic success for their children as a threat that drains human capital away from villages. This perception clashes with the assimilationist approach of those who operate the formal education system.


\(^6\) ICC (Int’l Cooperation for Cambodia) has led the way in bi-lingual education in the area. Through its Highland Children’s Education Project, CARE will soon be extending the ICC model to the formal education system in the 2002-03 academic year.
Perhaps one of the biggest impediments to a coherent set of interventions (of which an incentives program could only be one) to increase access to education is the fragmented stakeholder environment in Ratanakiri. In this respect, there seems to be little consensus among and within the minority community, agencies, and government itself about the best approach. For example, the minority community seems deeply split between those who favor a bilingual approach to education and those (having bought into a market economy) who seem to feel that Khmer should be the language of instruction. This fractured view is reflected within the government as well with strong support from the local NFE Dept. but opposition from the Primary Education Office. Similarly, those in the MoEYS supporting well attended NFE classes held at night are frustrated by local opposition to efforts to allow those finishing the 3 year course to enroll in the formal primary education system at Grade 4 level. This opposition is based on the belief that the abbreviated number of hours of study per day and strong emphasis on local language instruction invalidate claims of equivalence to a Grade 3 education within the formal system. The diverse spectrum of beliefs among stakeholders argues for a very cautious setup of an incentives program with careful consultation of local communities and complementary interventions at lower primary level.

2.5. Socio-cultural Factors that Depress Access to Education

While investigating those groups most likely to drop out of school, focus group discussions with parents in Battambang and Ratanakiri Provinces were characterized by a studied absence of reference to girls. Reflecting the legacy of civil war in the far west, parents in Battambang stressed orphans and children of single parent households as well as those with disabled fathers as the most likely groups to drop out of school. Similar discussions with parents in Ratanakiri stressed the need to target minorities as the first priority with no mention of the special need of girls. Nevertheless, gender parity levels with respect to enrollment in Ratanakiri are among the worst in the country but particularly so at secondary school (Figure 6).

Figure 6: Male-Female Enrollment at Ratanakiri High School 2000-01 Academic Year

<table>
<thead>
<tr>
<th>Grade Number of Students</th>
<th>Girls</th>
<th>Boys</th>
</tr>
</thead>
<tbody>
<tr>
<td>200</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>150</td>
<td>65</td>
<td>35</td>
</tr>
<tr>
<td>120</td>
<td>51</td>
<td>29</td>
</tr>
<tr>
<td>90</td>
<td>19</td>
<td>71</td>
</tr>
<tr>
<td>60</td>
<td>48</td>
<td>42</td>
</tr>
<tr>
<td>30</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>0</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>


Girls among both Khmer and hilltribe families in the Northeast are highly prone to dropout but those from minority families seem to face a double jeopardy status. During focus group discussions, Khmer parents expressed opinions that corroborated project feasibility studies conducted by CARE and KAPE that found attitudinal factors linked strongly to financial concerns for the direct costs of education. Constraints in income often necessitate a choice between allowing either one’s son or daughter to continue their education. In such situations, attitudinal factors about gender roles tend to be very strong. When direct educational costs are mitigated, parents’

---

attitudes to keeping their daughters in school were likely to be highly flexible. Discussions with minority parents, however, indicated that social attitudes about girls’ access to education were more rigid, particularly in respect to the desire for daughters to marry at an early age.

Analyses of the relationship between student attendance at primary level and various sociocultural variables such as parental education level and native language have also shown significant relationships. For example, a survey of 547 households in 6 provinces found that high attendance is correlated with urban residence (0.28, p<.0001), mother’s education level (0.22, p<.0001), and the likelihood of not speaking Khmer as one’s native tongue (-0.29, p<.01). These research findings again corroborate anecdotal observations about patterns of access to education that show underrepresentation among minorities, rural dwellers, and children whose parents have low levels of education.

### 2.6. Educational Access and Poverty Levels

Formal analyses of poverty level and educational access are consistent in showing a significant relationship between these two factors. In this regard, important differences can be observed between patterns in enrolment among different socio-economic groupings. For example, it has been reported that 38% of students in lower secondary school come from the richest 20% of the population whereas only 8% of students come from the poorest 20%. Socioeconomic differences in enrolment patterns, however, appear to be strongest at secondary level when the cost of education increases significantly. In this respect, it has been found that only 17% of students at primary level come from the highest income quintile while 20% come from the lowest income quintile.

Using data compiled by the WFP School Breakfast Program, an analysis of enrolment patterns at district level and average proportion of population classified as poor also highlights the negative relationship between income level and enrolment at secondary level (Table 2). The correlation coefficients calculated in this regard are very strong at 0.68 among girls at lower secondary and 0.70 at upper secondary level (p<.01). Similarly, the KAPE household survey cited above found the relationship between parents’ socioeconomic status and student attendance level in school to be highly significant at 0.22 (p<.0001).

#### Table 2: Relationship between Average Commune Proportion of Poor and Enrolment

<table>
<thead>
<tr>
<th>Factor</th>
<th>Correlation Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Net Enrolment/Lower Secondary Level</td>
<td>-0.68</td>
</tr>
<tr>
<td>Female Net Enrolment/Lower Secondary Level</td>
<td>-0.68</td>
</tr>
<tr>
<td>Total Net Enrolment/Upper Secondary Level</td>
<td>-0.68</td>
</tr>
<tr>
<td>Female Net Enrolment/Upper Secondary Level</td>
<td>-0.70</td>
</tr>
</tbody>
</table>

Source: Raw data provided by WFP, MoP, and EMIS, 2001

Given the relationship between poverty and educational access, KAPE has developed a ranking of provinces according to the average proportion of poor population per commune (Figure 7). This set of rankings will feed into developing a profile of indicators for each province along

---

10 The lower level of enrolment among children from the richest quintile is attributed to the fact that affluent families tend to have fewer children.
several parameters (enrollment, gender parity, and distance to lower secondary school). These provincial profiles will greatly help to facilitate geographical targeting for the JFPR Assistance Program.

Figure 7: Average Proportion of Poor by Commune

Note: Poverty definition as formulated by MoP

Source: Raw data provided by WFP, 2001
2.7. Cost Factors

The costs of education in Cambodia vary according to several parameters including place of residence (urban or rural), socio-economic status, and whether one is speaking of direct or indirect costs. In rural areas, the direct costs of education comprise copy books, pens/pencils, and uniforms whereas in urban areas a large part of the direct cost consists of informal fees charged by teachers. This is especially true for students living in Phnom Penh where parents in the uppermost income quintile are reported to spend 4 times as much on education as those in the lowest quintile.\footnote{MoEYS, \textit{Education Access and Equity Issues, Phnom Penh}, November, 1999.} Direct educational costs (which are here taken to include unofficial fees charged by teachers and directors) have been documented by the Socio-economic Survey as follows:

Table 3: Direct Educational Costs for Education by Place of Residence

<table>
<thead>
<tr>
<th>Grade Level</th>
<th>National</th>
<th>Phnom Penh</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>25</td>
<td>148</td>
<td>14</td>
</tr>
<tr>
<td>2</td>
<td>30</td>
<td>162</td>
<td>17</td>
</tr>
<tr>
<td>3</td>
<td>35</td>
<td>188</td>
<td>20</td>
</tr>
<tr>
<td>4</td>
<td>44</td>
<td>233</td>
<td>24</td>
</tr>
<tr>
<td>5</td>
<td>56</td>
<td>252</td>
<td>28</td>
</tr>
<tr>
<td>6</td>
<td>70</td>
<td>267</td>
<td>31</td>
</tr>
<tr>
<td>7</td>
<td>101</td>
<td>348</td>
<td>42</td>
</tr>
<tr>
<td>8</td>
<td>131</td>
<td>485</td>
<td>48</td>
</tr>
<tr>
<td>9</td>
<td>161</td>
<td>372</td>
<td>82</td>
</tr>
</tbody>
</table>

In thousands of riels

Source: Ministry of Planning, Socio-economic Survey, 1999

It should be noted, however, that reported costs vary widely according to different studies. Bray, for example, calculated direct educational costs at primary level in 7 different provinces and found these costs to vary widely from place to place. A Grade 6 student in Ratanakiri, for example, paid only 297,000 riels per year in such costs while a student in Svay Rieng paid 359,000 riels and those in Battambang 577,000 riels.\footnote{Bray, M., \textit{The Private Costs of Public Schooling}, UNICEF/Sida, Phnom Penh, 1998.} In contrast, KAPE has estimated direct costs of education for its incentive program in rural primary schools in Kampong Cham Province using only the bare minimum materials required for study. The program has developed a standardized formula that suggests 27,000 riels ($7) for Grades 1 and 2; 31,000 riels ($8) for Grades 3 and 4; and 39,000 riels ($10) for Grades 5 and 6.\footnote{KAPE-MoEYS, \textit{Program Manual: Scholarships for Poor Children}, Kampong Cham, 2001.} Because the program occurs primarily in rural areas where informal teacher fees are not charged (unlike most urban areas), these costs reflect expenditures for materials only.

The direct costs of education increase exponentially at secondary level as shown in Table 3 above. Nevertheless, even these costs seem to be underestimated. The Girls’ Scholarship Program operated by KAPE at secondary level in a large lowland province has determined the direct costs of education for each of 3 categories of recipient according to the distance from the lower secondary school (Table 4). A few important notes should be made about these reported costs. For example, KAPE emphasizes that these costs detail what are required for “successful” completion of secondary education by girls from poor backgrounds. In this respect, while tutoring and study paper fees charged by teachers may seem optional, in fact they are not. Those who
do not pay often fail. Relatedly, these informal fees comprise about 26% of the total costs. While central educational authorities may succeed in abolishing some of these (such as bicycle parking), abolishing others will be met by certain resistance from teachers and directors who will likely relegate scholarship recipients to the worst teachers (i.e., those who command the least fees). Finally, it should be pointed out that these costs are for the first year of study and that capital costs for bicycles and locks would be omitted in Year 2 and 3 of the program.

Table 4: Direct Annual Costs of Lower Secondary Education according to Distance from School

<table>
<thead>
<tr>
<th>Expenditure Item</th>
<th>Cost</th>
<th>Category 1: Girls less than 10 Km from school</th>
<th>Category 2: Girls 10-14 Km from school</th>
<th>Category 3: Girls 15 Km or more from school</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bicycle</td>
<td>$43.00</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>2. Bicycle Lock</td>
<td>$1.00</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>3. Educ Supplies</td>
<td>$1.00</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>4. Study paper fees</td>
<td>$8.20</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>5. Parking fees for</td>
<td>$8.00</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>bicycles</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Uniforms (2 sets)</td>
<td>$10.00</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>7. Tutoring fees</td>
<td>$7.00</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>8. Copy books</td>
<td>$9.80</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>9. Pens</td>
<td>$0.90</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>10. Lunch money</td>
<td>$40.00</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>11. Boarding costs (8.5</td>
<td>$114.75</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>months)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Room costs (8.5</td>
<td>$42.50</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>months)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>--</td>
<td>$88.90</td>
<td>$128.90</td>
<td>$246.15</td>
</tr>
</tbody>
</table>

Source: Kampuchean Action for Primary Education, 2001

Interestingly, the most commonly cited factor in focus group discussions with parents in Battambang and Ratanakiri for student dropout was the income lost to families as a result of their children’s education. These opportunity or indirect costs increase significantly in upper primary and secondary school as the value of children’s labor increases with each passing year. For example, CARE reported that only 6% of children aged 6 to 11 who had never enrolled or who had dropped out did so due to the need to perform chores at home; for children aged 12 to 15, the comparable percentage was 27.7%. The ascendancy of opportunity costs as a cause for dropout is particularly true among girls and children who enroll in school at a late age. The last point is especially significant for minority children who, with everything else going against them (language, distance, socio-cultural norms, etc.), must also contend with the cost dilemma that their education poses to their families as a result of their late enrollment in the formal education system.

The above notwithstanding, it is important to remember the flexibility that many Cambodian families have demonstrated with respect to their willingness to make sacrifices for the education of their children. KAPE has reported, for example, that of 192 families who had withdrawn their daughters from the school system after completion of Grade 6, 97.9% had not only re-enrolled them but kept them enrolled to the following year with a subsidy for direct educational costs.

3. Important Issues in Developing an Incentives Program in Cambodia

3.1. Current Coverage

There are currently 5 or 6 major supporters of formalized scholarship programs at the primary and secondary school level. These include UNICEF-KAPE in Kampong Thom and Prey Veng, CARE-UNICEF in Kandal, KAPE-Asia Foundation-Oxfam/GB in Kampong Cham Province, and Don Bosco. The World Food Program operates an incentive program consisting of hot breakfast in Takeo, Kampot, and Kampong Cham with planned expansion to Kampong Thom, Prey Veng, and Kampong Speu. A number of small programs have also been reported to be operating in Battambang (e.g., ICF, Assemblies of God, etc.) and Kampong Chhnang (Oxfam/GB). Most programs appear to be targeting girls at secondary level and poor children at primary level.

There appears to be a high degree of donor coordination with several of the same agencies implementing similar programs in different combinations with one another. In this respect, Asia Foundation/USAID established an innovative girls’ scholarship pilot through KAPE which was then documented by UNICEF who later contracted KAPE and CARE to implement the same program in 3 additional provinces (i.e., Kandal, Kampong Thom, and Prey Veng). As a result, there appears to be high congruence among all girls’ scholarship programs at secondary level in terms of operating structure (Table 5). Harmonizing projects into a national program at some point in the distant future should, therefore, not be difficult if this pattern continues. WFP has in particular shown remarkable prescience in placing many of its breakfast programs in the very same areas that scholarship programs are operating in order to reduce dropout in feeder primary schools, thereby boosting the number of potential scholarship candidates for secondary level. All programs also appear to have strong collaboration with the Ministry of Education, Youth, and Sports and in particular with the Primary Education Dept. In this respect, Local Cluster School Committees established by the Ministry play a prominent role in all programs.

With respect to girls’ scholarship programs at secondary level, there appear to be 2 slightly different models. One of these emphasizes direct implementation through local committees (known as Local Scholarship Management Committees or LSMC) with collaboration from the MoEYS and POE for technical and monitoring support (CARE, KAPE, and Asia Foundation). The other model emphasizes direct implementation through the Provincial Office of Education (POE) with technical and monitoring support provided by an IO-NGO (e.g., UNICEF-KAPE). These two models will have significant implications when finalizing the management structure of the JFPR assistance program.
Table 5: Overview of Major Scholarship and Incentive Programs

<table>
<thead>
<tr>
<th>Supporting Agency</th>
<th>Program Description</th>
<th>Kinds of Benefits</th>
<th>Beneficiaries</th>
<th>Benefit Unit Costs</th>
<th>Mgt Costs</th>
</tr>
</thead>
</table>
| 1. CARE-UNICEF     | • Girls Scholarship Program at lower secondary  
                      • Direct implementation in collaboration with POE/MoEYS  
                      • Use of intermediary committees at community and school level  
                      • Selection criteria:  
                        o Sex (girls)  
                        o Poverty related criteria,  
                        o Girls who have earlier dropped out | • Bicycle  
                      • Other transport costs  
                      • Stationery  
                      • Uniforms  
                      • Informal fees  
                      • Board  
                      • Emergency Medical fees | 125 (1st year intake) | $110 | $26 |
| 2. KAPE-Asia Foundation | • Girls Scholarship Program at lower secondary  
                      • Direct implementation in collaboration with POE/MoEYS  
                      • Use of intermediary committees at community and school level  
                      • Selection criteria:  
                        o Sex (girls)  
                        o SES  
                        o Distance | • Bicycle  
                      • Stationery  
                      • Uniforms  
                      • Informal fees  
                      • Lunch  
                      • Room & Board  
                      • Emergency Medical fees | 626 (2 yrs intake) | $89 | $14 |
| 3. KAPE-Oxfam/GB  | • Scholarship Program for Poor Children at Primary Level  
                      • Direct implementation through LCSCs with technical support from NGO/MoEYS  
                      • Selection criteria  
                        o SES  
                        o Risk of dropping out  
                        o Education of parents | • Stationery  
                      • Uniforms | 1060 | $7 | $4 |
| 4. UNICEF-KAPE    | • Girls Scholarship Program at lower secondary  
                      • Direct implementation by POE with technical/monitoring support from UNICEF & NGO  
                      • Use of intermediary committees at community and school level  
                      • Selection criteria:  
                        o Sex (girls)  
                        o SES  
                        o Distance | • Bicycle  
                      • Stationery  
                      • Uniforms  
                      • Informal fees  
                      • Lunch  
                      • Room & Board  
                      • Emergency Medical fees | 228 (1st year intake) | $89 | $32 |
| 5. Don Bosco      | • 'Children Fund' at primary level  
                      • Participation requires agreement of parents  
                      • Includes generic support for participating schools  
                      • Funded through a sponsorship program  
                      • Selection criteria:  
                        o 6-12 year olds not in school  
                        o poverty-related criteria | • School fees  
                      • Monthly allowance  
                      • Food,  
                      • School supplies  
                      • Medical assistance | 2500 | $200 (inclusive of all costs) | N/A |
| 6. World Food Program | • School Breakfast Program  
                      • Provides hot breakfast to all children in target schools  
                      • Administered through local school-community committees with support from local NGO/IO partners  
                      • Selection criteria for schools:  
                        o Schools located in food insecure areas  
                        o Schools with high dropout/repetition rates/low enrolment | • Rice  
                      • Fish  
                      • Oil  
                      • Salt | 220,000 | $8 | $5 |
In spite of the number of incentive programs operating in country at the present time, coverage continues to be spotty due to small program size. For example, the largest girls’ scholarship program operated by KAPE in Kampong Cham had an intake of 438 girls in the 2000-01 academic year out of 2,726 girls (excluding those who repeated Grade 6) who reportedly dropped out of the system at the end of the previous academic cycle (but who were eligible to enter Grade 7). This accounts for only 16% of the total target population in the province. A similar situation appears likely in other provinces.

3.2. Sustainability

Most scholarship programs in Cambodia operate on the assumption that their programs are not financially sustainable, nor do they have to be in order to be worthy of funding. The vast majority of international literature on scholarship programs tends to validate this view. Most programs seem to focus more on the need for institutional sustainability through local capacity building, coordinated program structures, and close collaboration with the Ministry of Education, Youth, and Sports. This approach is likely to lead eventually to a nationally coordinated program with leadership from the MoEYS, much as happened with large privately funded scholarship programs in Bangladesh and Nepal.

The above view contrasts sharply with that outlined in the JFPR concept note with its strong emphasis on the need for financial sustainability through the use of social credit. Consultations with the Ministry and other stakeholders in current scholarship programs conducted during the process of compiling this report found little support for this approach. The undesirable complexity of combining an education program with a social credit program, the obstacles that this poses for maintaining the involvement of current agency stakeholders with little or no expertise in credit, high risk of default, and most importantly the increased scrutiny and suspicion with which social credit programs must currently deal all mitigate against maintaining this provision in the JFPR program. In this regard, numerous studies are finding that social credit programs are actually increasing the vulnerability of the poor by forcing many households to sell their land. A study by Oxfam/GB, for example, found that 44% of a sample of families that had sold their land had to do so in order to repay other debts.

3.3. Lessons Learnt

3.3.1. Costs

Among the two types of scholarship program currently running in country (i.e., primary and secondary level programs), most of those operating at primary level have reported significantly cheaper costs (Table 5). Because of generally smaller catchment areas at primary level, distance is not a major problem (outside of minority and sparsely populated areas) mitigating the need for such programs to provide bicycles or boarding costs. Attitudinal factors have also been reported to play less of a role with respect to dropout and nonenrollment although this begins to change after Grade 5, particularly for girls. This situation analysis has led to the conclusion that direct and opportunity costs associated with education are the primary factor to consider in developing such programs. In rural areas, such programs focus primarily on educational supplies,

---

stationery, and uniforms. In urban areas, they include informal teacher fees making them relatively much more expensive.

At secondary level, costs for such programs explode to exorbitant levels with a large proportion comprising transportation costs (e.g., bicycles) and informal charges by teachers and school directors (tutoring, bicycle parking fees, study papers, etc.). These expenditures comprise 49% and 26% of all costs, respectively. Where distance is a factor that prohibits daily trips from home to school each day, room and board expenditures more than double the cost of such programs. Secondary schools appear to have much less financial accountability to local communities and tend to be operated like small corporations with a profusion of arbitrarily set fees. This is possibly due to their large catchment areas, making them remote from communities, and the fact that they are managed directly by the Provincial Offices of Education (as opposed to the district offices) which tend to be far away from unhappy community members.

Aside from relying on interventions from the WFP Breakfast Program, most scholarship programs in country do not address opportunity costs for a variety of reasons. As noted earlier, the primary reason that most scholarship programs in country do not address opportunity costs is that they tend to be operated by educational agencies who have neither the expertise nor the inclination to get involved in social welfare programs involving skills training or credit. The above notwithstanding, most programs at secondary level report that subsidies for direct educational costs do result in a greater willingness among families to absorb opportunity costs themselves (see Annex 1).

3.3.2. Local Stakeholder Participation and Capacity Building Requirements

All programs report the need for implementation through school-community groups. At primary level, Local Cluster School Committees set up by the MoEYS play a key role in this regard and are responsible for all procurement, financial liquidation, and selection decisions. At secondary level, Local Scholarship Management Committees with representation from the community, secondary school, and school cluster are responsible for local implementation. Because of the huge budget required for scholarships at secondary level, procurement is often shared between a province based entity (agency or POE) though LSMCs are still responsible for the disbursement of approximately half of the available budget.

Committees work throughout the year and thus require an operating budget which averages about $4 per beneficiary at primary and $8 at secondary level. At primary level, shorter travel distances require operating budgets which are considerably less and which are in many cases subsidized by cluster income activities.

Sponsoring agencies have done considerable capacity building with these committees and have developed quite comprehensive manuals for project replication in collaboration with the MoEYS. In most cases, cooperating agencies use the same de facto operating guidelines outlined in existing manuals although these have not yet been promulgated officially by the Ministry.

Agencies report wide variation in observed commitment to the program by stakeholders in local scholarship committees, particularly at secondary level where schools have less accountability to communities. Although a conscious effort has been made to balance the representation between school and community members, school officials still tend to dominate the administration of programs. In some areas, school directors and teachers have been tremendous advocates of
the program. In others, school directors are less interested and show much less enthusiasm. This is not to say they do not understand the program. Anecdotal evidence indicates that all LSMCs have a very high awareness of the program’s rationale, its goals, and how it should work. But enthusiasm varies greatly from place to place largely because of the extra work demands that the programs generate.

3.3.3. Procurement Issues

Many agencies have reported a difficult choice between allowing local scholarship committees to do their own procurement or engaging in bulk procurement by the agency itself. The former greatly simplifies the administration of programs and promotes capacity building among committees and decentralized control of the program. Bulk procurement amplifies the administrative complexity of programs and requires significant forward planning but leads to considerable savings in the use of program funds. The KAPE program (which recently moved from local to bulk procurement for many of the necessary supplies), for example, reported a savings of over $3000 (out of a total beneficiary budget of $55,000) in its girls’ scholarship program allowing it to increase the number of beneficiaries by about 30 persons.

3.3.4. Targeting and Selection

The selection process continues to be the weakest link in program implementation procedures even with the solicitous oversight provided by participating agencies. This is a sobering thought when considering nation-wide expansion of such scholarship programs. Most programs (both primary and secondary) appear to rely on standardized interview instruments that are then scored according to socio-economic status. Students are subsequently selected based on a cut-off point that is usually linked to the availability of budgetary resources. Programs have attempted to introduce an open application process for scholarship awards but both schools and community elders prefer a teacher nomination process which places a great deal of power into the hands of a limited number of individuals. To some degree, the introduction of an appeals process has helped to mitigate this problem. In the future, however, some agencies have noted the need to further revise the application process by placing scholarship applications in commune offices rather than at schools as the latter clearly have not shown the willingness to open up the application process. As it is members of the LSMCs who have to do the exhausting interview work, it is clearly not in the interest of schools to encourage a large number of candidates to apply for scholarship aid.

3.3.5. Need for Complementary Programs

Because it has been reported that dropout among children, particularly girls, begins to accelerate after Grade 5, incentive programs situated at secondary level will only have muted impact without complementary programs that depress dropout at the upper primary level. The World Food Program currently provides one of the most effective interventions through its hot breakfast program. Good targeting has so far enabled considerable convergence between current scholarship programs and the breakfast program. This should continue during province selection for the JFPR assistance program. Other interventions currently being employed by agencies to complement secondary programs include scholarship programs at primary level, life skills programs to increase the attraction of the curriculum to rural parents, and remediation programs to help improve children’s success rate in school.
3.3.6. Phasing of Intake

A moral dilemma arises for many agencies when implementing scholarship programs due to the uncertainty of future funding. Because parents are asked to make a large financial sacrifice in terms of the opportunity costs they incur by keeping their children in school, it is difficult to ask them to make this sacrifice when an agency cannot guarantee subsidies for direct educational costs until the final year of the basic education cycle (i.e., Grade 9). This is likely to be no less of a dilemma for the JFPR program when it reaches its third and final year of implementation. Supporting a new intake for Grade 7 in this year may leave many families in the lurch at the completion of the academic year with uncertain expectations for continued support for Grades 8 and 9.

3.3.7. Diversity in Beneficiary Packages

In developing scholarship programs, there is a need to balance the desire to standardize benefit packages (to facilitate budgeting and projected expansion) and the need to fine tune interventions to the requirements of beneficiaries. To date, most programs have succeeded in developing flexible packages that are standardized based on distance (e.g., KAPE and CARE). Being too flexible, however, is likely to lead to a profusion of different interventions and accompanying administrative demands. This would limit the ability of a project to expand to meet the large demand for assistance.

3.3.8. Financial Disbursement and Monitoring

Unlike programs in other countries, none of the scholarship programs in Cambodia currently use commercial banks for financial disbursement to beneficiaries due to the paucity of banks at provincial level. Only 8 out of 24 provinces, for example, have such banking services and these are generally limited to the provincial capital. Agencies or the POE instead act as the local bank where local committees receive disbursements. As noted above, local scholarship management committees currently have significant responsibility for financial disbursement of assistance to beneficiaries (either in kind or in cash). At primary level, committees do most of the procurement and at secondary it is shared with a province based entity. The provision of assistance in kind, while it helps to prevent misuse of funds with respect to the purpose for which they are intended, also creates administrative problems and huge procurement responsibilities. Although programs operating in country have developed systematic procedures for disbursement and liquidation, the amount of work involved is still significant. Some programs are currently considering the option of providing vouchers to local providers as an alternative to both centralized procurement or local purchasing. While untried and possibly somewhat more expensive than centralized procurement practices, it has the attraction of greatly simplifying program administration and may actually realize administrative savings.

Current programs have also developed and field tested various monitoring procedures such as standardized reporting by local committees and impact assessment statements (See Annex 2). They have also instituted an appeals process to ensure that unselected candidates will have recourse to have rejection decisions reviewed.

---

19 Urashima, C., Learning from Integrated Savings and Credit Programmes in Cambodia, Oxfam/GB, ACR, & CWS, Phnom Penh, August, 2000.
4. Strengths and Weaknesses of the Proposed Program and Strategic Options

4.1. Coverage and Targeting

4.1.1. Current Features

The JFPR program concept paper currently emphasizes limiting coverage to 2 provinces with targeting of girls and minorities. In this respect, 40% of funds would be allocated to girls from poor nonindigenous households and the other 60% for poor indigenous households with inclusion of both boys and girls as eligible candidates. It is understood that the focus of the program would be on promoting transition of poor children to lower secondary school although it is not clear whether such support would cover both lower and upper secondary. Although not stated explicitly, it is implied that at least one and possibly both of these 2 provinces would be located in the Northeast where there is a high concentration of minority populations. The JFPR program attempts to complement the Education Sector Development Plan which is not designed to directly target the external constraints to participation in the education system by the poorest children. In addition, the areas selected would coincide with those where WFP is currently supporting the School Hot Breakfast Program. The total number of beneficiaries is expected to be about 10,000 over a period of 3 years.

4.1.2. Analysis and Strategic Options

Scope and Province Selection: The decision to limit the program to a small number of provinces is wise. All current stakeholders now implementing scholarship programs agree that the complexity of setting up incentive programs, particularly in the first year, rule out any program with a national scope.

Placing the program in the Northeast, however, is problematic due to the low population density in this area, the evidence that nonparticipation in the school system by minorities there is as much due to cultural resistance as economic ones, and possible official resistance to the idea of placing so many resources in an area with so few people. In addition, a field survey in the Northeast indicated that for minority children, the biggest point of drop out is at Grade 3 (when children have to move to a school in the district town to continue onto Grade 4) and not in the upper primary grades as is true in lowland areas. Furthermore, the fact that the program identifies 10,000 households that it would assist in transition to secondary school does not mesh well with the enrolment figures on the ground in the Northeast. In 2001, for example, there were only 349 children enrolled in Grade 6 in a representative province like Ratanakiri about half of whom were not even from minority groups (Table 6). Even using maximum unit costs developed by current implementing agencies of $246 per boarding beneficiary suggests that only a very small fraction of the available funds could be utilized over the 3 year period identified. In addition, WFP has no breakfast activities in any northeastern province nor could there be by the time of project start-up. WFP has stated that it would prefer to consider the possibility of expansion to this area as part of a long term planning exercise and not as an ad hoc decision.

For what ever provinces are selected, it must also be stated whether the program would target all districts or whether only those districts/communes with the lowest levels of participation (or highest levels of poverty) would be targeted. This will depend on what indicators the program identifies as its selection criteria in targeting.
School Level and Phasing: It is not clear whether the JFPR program would focus exclusively on secondary education or whether complementary interventions at upper primary would also be considered. If the focus is at secondary level, it is not clear whether this would include upper secondary students as well as those at lower secondary level. Given earlier assessments that found very few families from the bottom income quintile at upper secondary level (2%), it is questionable whether this is the best school level at which to begin an incentives program. The paper is also not entirely consistent in emphasizing basic education while at the same time including Grades 10 to 12 as part of program targeting.

The issue of school level targeting raises the question of phasing of which there was very little discussion in the concept note. That is, should the program target all students in all grades at secondary level from Year 1 of implementation or should there be a phased intake starting with students at Grade 7, followed by a new intake at Grade 7 and continued support to students moving onto Grade 8 in Year 2, etc.. The former approach would be allocating resources in a way that ignored the fact that most poor children drop out before ever reaching Grade 7. In a program with focus on lower secondary completion for the poorest children, the latter approach would be able to focus more fully on children at Grade 6 where a large majority of poor students do tend to drop out.

Target Groups: The current focus of the JFPR program on rural girls and minority groups is based on solid evidence that these are among the highest risk groups with respect to participation in the school system. The proportion of recommended aid for each group, however, (40% for the former and 60% for the latter), may need to be rethought following a review of the number of eligible students from minority groupings (Table 6).

Table 6: Total Enrolment in Grade 6 in Northeastern Provinces

<table>
<thead>
<tr>
<th>Province</th>
<th>Total Enrolment</th>
<th>Girls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preah Vihear</td>
<td>749</td>
<td>327</td>
</tr>
<tr>
<td>Ratanakiri</td>
<td>349</td>
<td>121</td>
</tr>
<tr>
<td>Mondolkiri</td>
<td>122</td>
<td>49</td>
</tr>
<tr>
<td>Stung Treng</td>
<td>757</td>
<td>339</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1977</strong></td>
<td><strong>836</strong></td>
</tr>
</tbody>
</table>

*Note:* Inclusive of both Khmer and Minority populations  
*Source:* EMIS, 2001

Complementarity with Other Programs: The incentive program recognizes the limitations of the current ESDP and tries to provide complementary support in the form of incentives to existing interventions such as instructional material, teacher development, and infrastructure. The need to coordinate with other donors is also recognized. These are all important strengths of the program.

Strategic Options (Province Selection)

Project design may consider expanding the coverage of the program to higher density population areas outside of the Northeast though this should be limited to at most 2 provinces to minimize the administrative demands on the project.

Because of the complex array of factors leading to low participation by minority children, the program may consider keeping a smaller budgetary provision to meet the special needs of these children. This subprogram would be experimental in nature and would necessarily have to be very different from assistance in more mainstream areas. Project design may consider a focus on
room and board for students at upper primary (though not dormitories) and support at all grades at secondary level. If placed in Ratanakiri, the latter support would fund dormitory facilities recently completed by the Provincial Office of Education at the provincial high school.

Ratanakiri is a strong candidate for the provision described above because of the innovative program for Community Schools (Grades 1 to 3) to be supported by CARE in the 2002-03 academic year. An assistance program at upper primary level working in the same areas as the CARE program promise a well harmonized set of interventions.

Province selection may wish to consider a large array of indicators. For example, it may be possible to rank provinces on each of several indicators in order to determine which 5 provinces are the highest (or lowest) along each of the parameters identified. The following list of 10 indicators with a heavy weighting of gender-based considerations are provided as an example:

**Generic Indicators**
Net Enrolment in Lower Secondary/Total
Number of Students Living more than 9 Km from Lower Secondary School

**Gender-based Indicators**
Net Enrolment in Lower Secondary/Females
Gender Parity in Enrolment/Grade 6
Gender Parity in Enrolment/Grade 7
Dropout Rate in Grade 6/Females
Dropout Rate in Grade 7/Females
Transition Rate to Lower Secondary/Female

**Poverty-related Indicators**
Average Ranking of Communes according Poverty Index
Average Proportion of Poor by Commune

An illustrative ranking of provinces using each of the indicators identified above is provided in Table 7 below. Indicators may, however, be changed to reflect modifications in demographic targeting. The table indicates the number of indicators each province came out as being among the top or bottom 5 provinces along each parameter. The specific rank of each province on each indicator is provided in Annex 3.

**Table 7: Sample Ranking of Provinces on 10 Indicators**

<table>
<thead>
<tr>
<th>Province</th>
<th>No. of Indicators Province was in Top (or Bottom)</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Oddar Meanchey*</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>2. Svay Rieng</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>3. Ratanakiri</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>4. Mondolkiri</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>5. Kampong Speu</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>6. Preah Vihear</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>7. Pailin</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>8. Prey Veng</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>9. Pursat</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>10. Kampong Chnang</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>11. Kampong Cham</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>12. Sihanoukville</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>13. Kep</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>14. Siem Reap</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

*Note: (1) Data available for only 9 indicators; (2) Italics indicate WFP provinces

Source: Raw data provided by MoP, WFP, and EMIS, 1999 and 2001
If the Ministry wished only to consider provinces with high population density, an alternative ranking such as that shown in Table 8 may also be used.

**Table 8: Sample Ranking of Provinces with over 250,000 Population on 10 Indicators**

<table>
<thead>
<tr>
<th>Province</th>
<th>No. of Indicators Province was in Top (or Bottom)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Kampong Speu</td>
<td>6</td>
</tr>
<tr>
<td>2. Kampong Chhnang</td>
<td>6</td>
</tr>
<tr>
<td>3. Svay Rieng</td>
<td>6</td>
</tr>
<tr>
<td>4. Siem Reap</td>
<td>5</td>
</tr>
<tr>
<td>5. Pursat</td>
<td>4</td>
</tr>
<tr>
<td>6. Prey Veng</td>
<td>4</td>
</tr>
<tr>
<td>7. Takeo</td>
<td>4</td>
</tr>
<tr>
<td>8. Prey Veng</td>
<td>4</td>
</tr>
<tr>
<td>9. Kampong Cham</td>
<td>4</td>
</tr>
<tr>
<td>10. Bantheay Meanchey</td>
<td>4</td>
</tr>
<tr>
<td>11. Kampong Thom</td>
<td>3</td>
</tr>
<tr>
<td>12. Kampot</td>
<td>3</td>
</tr>
</tbody>
</table>

Note: Italics indicate WFP provinces

Source: Raw data provided by MoP, WFP, and EMIS, 1999 and 2001

**Strategic Options (Target Groups)**

Discussions with stakeholders suggest that targeting of girls and minorities should be balanced by equity concerns. For example, girls may be targeted but a quota of 25% of benefits may be kept for poor boys. Care must also be taken to ensure that targeting does not create ethnic conflict between the local Khmer population and indigenous groups.

**Strategic Options (Targeted School Level and Phasing)**

The precipitous decline in school participation rates for both boys and girls at Lower Secondary Level justifies a program with strong emphasis at this level. Upper secondary level interventions may be delayed to help bring the program into greater focus on the basic education cycle which ends at Grade 9.

Assistance may be phased with expanding intakes each year or it may be across the board from Year 1. Phasing is suggested because it would bring greater focus to the program and ensure that more priority would be placed on those who might never reach secondary level.

**Strategic Options (Complementarity)**

Complementary interventions at upper primary may also be considered to boost the number of potential candidates for a program at lower secondary level. The most ideal intervention would be the WFP hot breakfast program although this is limited to only certain provinces, none of which are in minority areas. Although they may increase administrative complexity greatly, other possibilities to consider may include:

- Primary level scholarship incentives
- Awareness raising at community level
- Life skills
4.2. Beneficiary Selection and Management

4.2.1. Current Features

The description of beneficiary selection emphasizes community mobilization in close cooperation with the MoEYS and local education officials as a prelude to decentralized management by local school-community committees. Following extensive capacity building in implementing a selection process, these committees would be made entirely responsible for the selection of student beneficiaries. Selection would be based on families receiving social credits, children’s performance in school, level of poverty, and parents’ willingness to keep their children in school. The selection process will be based on criteria that are transparent, accessible, acceptable, and accountable to the poor.

4.2.2. Analysis and Strategic Options

*Decentralized Control of Selection:* The selection of beneficiaries is to be done through a decentralized structure that will ensure maximum transparency and accountability. Capacity building is recognized as an important requisite to empower local committees to administer the program. These are all important strengths of the proposed program.

The above notwithstanding, the concept note is short on many of the specific details through which it will achieve conditions of transparency and accountability. Candidate selection is usually the most complicated and vulnerable step in any incentive program. Local committees can only be effective if there is a well-defined process for them to implement as the concept note rightly points out. It should be added, however, that this process should take in the need for clear guidelines, objective selection criteria, clear definition of roles within the committees, and a process for review. The concept note also assumes that delegation of selection decisions to committees with school and community representation will automatically ensure transparency and accountability. This does not take into account rigid hierarchical relations in Cambodian society where most schools and community members do not act autonomously but follow instructions from above.

*Selection Process:* The selection process as defined by a sequential number of steps is not well defined in the concept note. This oversimplifies the selection process and poses a risk to the ability of committees to achieve transparency and accountability.

The selection criteria focus on receipt of social credit, poverty, and student performance as important categories guiding selection decision-making. While assessments of poverty level are important, student performance criteria have not been prominent in current programs unless these are defined as risk of repeating or dropping out. Where students’ academic performance may be an important element to monitor in program operation is not in the selection process but in providing technical support in the form of tutoring to ensure that children succeed academically, thereby protecting the investment in the candidate’s education. *Distance* is another selection criterion that is largely left unmentioned. This criterion has been crucial in existing scholarship programs and is a key determinant of the benefit category awarded to students. Receipt of social credit is likely not to be a workable selection criteria in an incentives program for reasons cited below.
**Strategic Options (Decentralized Control)**

The establishment of local administrative committees should be preceded by a well-thought out process that lays out the structure of the committees, who should be on them, quotas that demand female representation, and a clear division of labor.

Capacity building requirements for such committees may consider existing documentation developed by currently operating programs in country. A training manual developed by KAPE with support from UNICEF/Sida in collaboration with MoEYS may be considered as a starting point for this process. This document may be easily accessible to modification to the special circumstances of the JFPR program.

Possible membership on committees may include Cluster school heads, the heads of Parent Associations (or if these do not exist, School Support Committees at Primary and Secondary Level), members of the village development committee (if these are operational), female teachers at the secondary school, mothers, and the director of the secondary school.

**Strategic Options (Selection Process)**

The elaboration of a clear selection process may consider the following steps:

- Advertising the program to communities to ensure that the maximum number of families apply
- Developing a formalized application process whereby special forms are submitted either to the primary school, the secondary school, or commune office.
- A process of short-listing by local committees to limit the cost of surveys
- An interview process for short-listed candidates using standardized interview instruments.
- Scoring of interview forms to indicate socio-economic status, distance category, risk of dropping out, etc.
- Selection of candidates based on a cut-off point of scores and available budgetary resources.
- Appeals Process to ensure fairness in selection

It is useful to re-emphasize that the development of a selection process may consider use of standardized interview forms that can be scored. This will help make selection as objective as possible.

Selection criteria may include socio-economic status, distance, risk of dropping out, parental level of education, and attitudes towards education.

Benefits will likely not be monolithic in nature but will vary according to the specific circumstances of individuals. The selection process may, therefore, need to determine what sorts of assistance each candidate will require according to pre-established and standardized categories. Distance from home to school is one common and useful criterion to use set such categories. Possible categories to consider have already been presented in Table 4.
4.3. Social Credit, Management Arrangements, and Monitoring

4.3.1. Current Features

An essential feature of the JFPR program is its intent to ensure financial sustainability through linkage of a social credit program with scholarships. Scholarship funds would be paid out of repayments to the credit program by parents of the children identified to receive the scholarship.

An independent Project Management Office (PMO) is to be financed under the JFPR project to coordinate the implementation of all project components. This PMO will not comprise government staff. The design and implementation will draw on participatory community based management and implementation approaches pioneered under a World Food Program. Project management will comprise project administration and monitoring, education and poverty baseline survey, capacity building, financial disbursement, and independent impact assessment. At each provincial level, a Project Coordination Committee (PCC) will be established to provide policy guidance for the JFPR implementation. This PCC will comprise representatives from various line Ministries such as MoEYS, MEF, MoP, and MVWA, local officials, and community members.

4.3.2. Analysis and Strategic Options

Role of Credit: The entire credit provision of the JFPR is fraught with problems of amplified complexity and heightened risk. Although the idea to develop a financially sustainable scholarship program is laudable, many would argue that this is a classic oxymoron. No stakeholder in or out of Government is in favor of maintaining this provision, especially in the current atmosphere of heightened scrutiny of micro-credit programs. In addition, the credit provisions in the program pledge two-thirds of all available funds to be provided as loans to selected families without any recognition of the risks inherent in such an approach. This refers to the likelihood of default and the implications for interrupted scholarship support since the latter will be dependent on repayment. Furthermore, it is apparent that the allocation of two-thirds of program funds as social credit cannot be reconciled with the desire to reach 10,000 households given the unit costs required for secondary education in Cambodia.20

Management Arrangements: The management arrangements in the JFPR program are among its most problematic aspects. Discussions with MoEYS officials to date have not shown much support for current arrangements, especially with respect to an independent or even semi-autonomous PMO that excludes government staff. Several members of MoEYS have expressed a preference for a government-run program with direct implementation by Budget Management Centers (BMCs) at provincial level who would make financial disbursements to local management committees at school-community level. The BMCs would be responsible to the Finance Dept. within the Ministry. Monitoring would be undertaken by the Project Management and Monitoring Office (PMMO) in the Dept. of Planning. Important in this regard has been the recent decision of the Ministry to allocate JFPR funds to the Finance Dept. to undertake monitoring of the incentives program (through the BMCs). This raises a possible dilemma for the management arrangements described above as the Ministry of Economy and Finance has strict rules regarding separation of financial disbursement and monitoring. Thus, if BMCs do disburse

20 Using unit costs provided by currently operating programs at secondary level, (CARE, UNICEF, and KAPE), it is estimated that an annual intake of 3300 students would require $393,360 in Year 1, $644,820 in Year 2, and $896,280 in Year 3 for a grand total of $2,334,400. In addition to administrative and monitoring costs of $400,000, this would require $2,934,460 to reach 9,900 households.
payments to local committees, they will not also be allowed to monitor the program as is currently planned. This would require central monitoring by the central Ministry as the primary form of monitoring to ensure program accountability. An NGO could, however, be contracted to provide assistance especially with regard to the technical aspects of project administration.

Other departments within MoEYS such as the Dept. of Primary and Preschools have expressed concern that the administration of the JFPR program focuses too heavily on financial disbursement with little attention to the technical aspects of implementation. NGO stakeholders tend to echo these views and are puzzled by the total omission of the Dept. of General Education or the Office of Special Education which has been created especially by the Ministry to deal with the problems of vulnerable groups such as the poor, girls, minorities, and the disabled. It should be added, however, that in its current form, the Office of Special Education would not be able to have a serious role in administering an incentives program at secondary level given the fact that it is located in the Primary Education Dept. and has no jurisdiction over lower secondary schools.

The suggestion of a PIU or PMO within the Ministry has also not been received with favor. Although such a unit would greatly expedite project administration and would facilitate financial disbursement through the use of an imprest account, it is likely to lead to fragmentation and duplication of services that are the natural jurisdiction of Ministry departments.

For their own part, NGOs have thus far shown little interest in involvement in direct implementation of the JFPR program even if asked due to concerns with the bureaucratic demands of development banks such as the ADB, which are not generally understood to have user friendly bureaucracies. Winning over skeptical local stakeholders among NGOs is, therefore, likely to be a very difficult task. This is an important concern given their natural value in efforts to assist in capacity building activities of local committees.

Other Management Issues: The management of the JFPR incentives program has been conceived too much as a matter of disbursement with little attention to technical issues in administration. These issues include the need to organize tutoring for students in danger of failing, respond to dropout through home visits, conduct parent orientations, review complaints about the selection process, sensitize parents to the needs of children, meet regularly with beneficiaries regarding the program, and generally assist local committees in their implementation and monitoring of the program. In existing programs in country, these needs are met by province-based entities such as POEs and NGOs who do much more than simple financial disbursement and procurement. But the recent decision to delegate financial monitoring to BMCs would preclude any implementational role by POEs (since the BMCs will be situated within the POE) due to MEF regulations as stated earlier. In any case, it is unclear whether the PCCs or even BMCs could respond to the technical needs described over and above their financial disbursement responsibilities. Indeed, the JFPR concept note describes a veritable administrative hole between central level and local committees in which the complexities of province-level administration are greatly underestimated.

Financial Disbursement: Related to the above, the mechanism through which disbursement will occur from central level to local committees is highly unclear from the concept note. As noted earlier in this document, the banking system in Cambodia is not sufficiently developed to assist in financial disbursement to local committees. Alternative mechanisms need to be clearly identified in order for the program to have any chance of success.
**Incentives and Procurement:** The nature of the incentives to be provided under the JFPR program has not been sufficiently described in the concept note making it difficult to estimate total costs of benefits. Thus, the target of 10,000 households seems totally unjustified given this omission. Given that recent situation analyses identify direct educational costs and distance as among the most important factors to consider, incentives should naturally focus on the needs that these factors imply. Payments for extortionary practices engaged in by school teachers may be addressed by providing cash payments to students that are labeled as miscellaneous. In identifying incentives, it is important to remember that it will likely be necessary to develop different categories of incentives based on need. If the program is to be focused on lower secondary level, a basic package of approximately $90 has been developed by existing programs.

In addition, it is also unclear whether incentives would be provided as cash payments to beneficiaries or in kind. Cash payments while simplifying administrative demands in the program entail high risks that the resources provided would not be used for the purpose for which they are intended. Provision of benefits in-kind, however, entail considerable administrative demands with respect to procurement.

**Monitoring:** Monitoring arrangements need to consider whether financial and technical aspects of monitoring should be done by separate entities and whether this should occur at both central and provincial levels. The desire of the MoEYS to delegate financial monitoring to the Finance Dept. (at central level) and BMCs at local level leaves the issue of technical monitoring unaddressed.

**Strategic Options (Role of Credit)**

Simply put, program design may consider removing this aspect of the incentives program. This is clearly not the place for a social credit program.

**Strategic Options (Management/ Monitoring Arrangements and Financial Disbursement)**

A number of different management and monitoring options have been identified in the analysis above. Each has advantages and disadvantages as previously discussed. These options include the following:

**Option 1:** Government-run program with financial disbursement to local committees by Finance Dept. and BMCs. Monitoring, however, could only be done centrally by PMMO due to MEF regulations. Technical support could be provided by an NGO or CBO.

**Option 2:** PMO/PIU either internal or external to the Ministry which would be responsible for financial disbursement and technical oversight of local committees. Suboffices would be established at provincial level for this purpose. Whether these offices could be established within the POE would depend on the attitude of the MEF. Monitoring would be conducted by PMMO at central level and BMCs at provincial level.

**Option 3:** A project office set up within with the Department of General Education that would have jurisdiction over both primary and secondary education sectors. This office could absorb the Office of Special Education in a way in which the latter would retain its integrity. Suboffices would be established at provincial level though whether they could be placed in the POE would be subject to MEF approval. Financial disbursements and technical oversight would be the responsibility of this office. Monitoring would be conducted by PMMO at central level.
and BMCs at provincial level as in Option 2.

**Strategic Options (Incentives and Procurement)**

- The program may consider the use of either cash or in kind benefits though the latter have fewer risks and are to be preferred. The development of formal contracts are an important aspect of an incentives program and may be considered as a means to defray risk of withdrawal from the program.

- In order to simplify the administrative requirements of in kind benefits, the use of vouchers to local shop keepers may be considered as one important option. Although this option has the risk of increasing costs, these may be offset by administrative savings (fewer staff, elimination of transport costs for goods, etc.).

- Incentives should be described in more detail in relation to the problems that they are intended to solve. The experience of existing programs which focus on subsidies for the direct costs of education, transport costs, and room and board provisions may prove highly useful in making any determination in this regard.

- Based on the definition of incentive packages, make costings so that the total number of beneficiaries that can be assisted over the life of the project can be ascertained.