



# Report and Recommendation of the President to the Board of Directors

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Project Number: 47136-006  
September 2018

## Proposed Loans Kingdom of Cambodia: Second Upper Secondary Education Sector Development Program

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Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 31 August 2018)

Currency unit	–	riel (KR)
KR1.00	=	\$0.000244
\$1.00	=	KR4,088.12

## ABBREVIATIONS

ADB	–	Asian Development Bank
GAP	–	gender action plan
ICT	–	information and communication technology
MoEYS	–	Ministry of Education, Youth and Sport
NIE	–	National Institute of Education
PAM	–	project administration manual
PCU	–	project coordination unit
STEM	–	science, technology, engineering, and mathematics
USE	–	upper secondary education
USESDP 1	–	Upper Secondary Education Sector Development Program
USESDP 2	–	Second Upper Secondary Education Sector Development Program
USS	–	upper secondary school

## NOTES

- (i) The school year (SY) in Cambodia begins in November and ends in August.
- (ii) In this report, “\$” refers to United States dollars.

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## PROGRAM AT A GLANCE

1. Basic Data		Project Number: 47136-006	
Project Name	Second Upper Secondary Education Sector Development Program	Department/Division	SERD/SEHS
Country	Cambodia	Executing Agency	Ministry of Education, Youth and Sport
Borrower	Royal Government of Cambodia		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Education	Education sector development		25.00
	Secondary		25.00
	Total		50.00
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Institutional development	Gender equity (GEN)	✓
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Nation-wide	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG4		
6. Risk Categorization:	Low		
7. Safeguard Categorization	Environment: C Involuntary Resettlement: C Indigenous Peoples: B		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		50.00	
Sovereign SDP - Program (Concessional Loan): Ordinary capital resources		15.00	
Sovereign SDP - Project (Concessional Loan): Ordinary capital resources		35.00	
Cofinancing		0.00	
None		0.00	
Counterpart		3.50	
Government		3.50	
Total		53.50	





## I. THE PROPOSAL

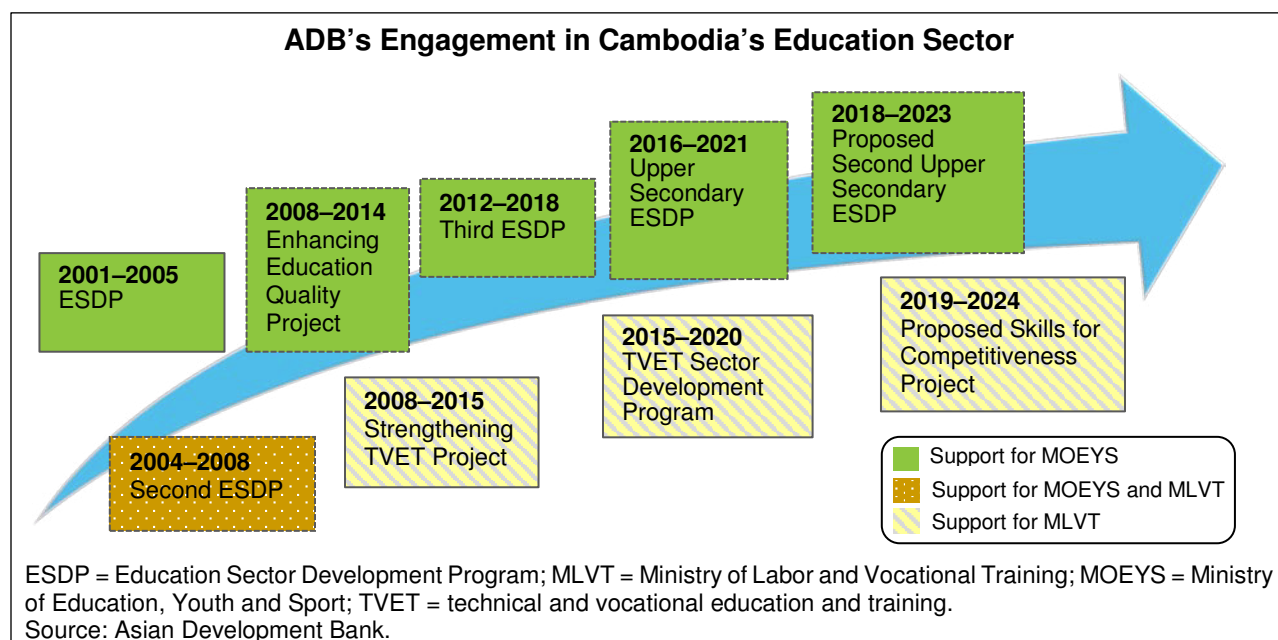
1. I submit for your approval the following report and recommendation on (i) a proposed policy-based loan and (ii) a proposed project loan, both to the Kingdom of Cambodia for the Second Upper Secondary Education Sector Development Program.

2. The program is part of the phased support that the Asian Development Bank (ADB) designed to develop high-quality human resources by improving the effectiveness of upper secondary education (USE). It builds on and complements ADB's ongoing Upper Secondary Education Sector Development Program (USESDP 1).<sup>1</sup> The Second Upper Secondary Education Sector Development Program (USESDP 2) will (i) improve teacher quality and boost the quality and labor market relevance of USE; and (ii) strengthen institutional capacity for USE planning, management, and delivery. While the policy reforms will apply nationwide, the project activities will cover only selected areas.

## II. THE PROGRAM

### A. Rationale

3. **ADB's sequenced approach to reform.** ADB has supported education and skills development in Cambodia since 2001 through sector development programs, investment loans, technical assistance grants, policy and advisory support, and knowledge products (figure).<sup>2</sup> ADB's USE engagement builds upon critical lessons from its extensive engagement in the education sector. This highlights the importance of strategically sequencing medium- to long-term support to build the foundation for the reforms, allow these to take root, and show results.



4. **Transition from first to second phase of support.** This second program builds on the first phase of targeted ADB assistance to USE. The first program supports government efforts to

<sup>1</sup> ADB. [Cambodia: Upper Secondary Education Sector Development Program](#).

<sup>2</sup> Sector Assessment (Summary): Education (accessible from the list of linked documents in Appendix 2).

overcome key constraints to increasing access to USE through policy reforms and investment activities. USESDP 1 financially supports poor USE students through scholarships; provides hardship allowance and teacher housing for USE teachers in remote and disadvantaged areas; and constructs upper secondary schools (USSs) in seven disadvantaged provinces, of which five have a significant indigenous peoples' population. USESDP 1 also introduced reforms to improve USE quality, including developing a curriculum framework; strengthening science, technology, engineering, and mathematics (STEM) education; and issuing a comprehensive teacher policy. Following these policy reforms and the progress of USESDP 1, this second phase focuses on removing the remaining constraints and deepening quality, relevance, and management capacity reforms. USESDP 2 therefore adopts a holistic approach, establishing required inputs, policies, and systems (i.e., well-equipped schools, highly qualified teachers, curriculum and assessment reforms, and strong school leadership and support) before nationwide expansion to allow for stronger and measurable learning outcomes in the future. The overall program aligns with the second strategic pillar of the ADB's country partnership strategy, 2014–2018 for Cambodia.<sup>3</sup>

5. **The development problem.** Cambodia's economic growth in 2017 remained strong, estimated at 7.0% and fueled by increases in foreign direct investment and export diversification.<sup>4</sup> However, sustaining high growth requires economic diversification and higher value-added production. New industries require a skilled workforce for a modern and industrialized economy. Economic integration of the Association of Southeast Asian Nations adds a sense of urgency to intensify industry-linked skills development for a nationally and regionally competitive workforce. USE plays a crucial role in equipping youth with the skills, competencies, and knowledge to benefit from and contribute to Cambodia's socioeconomic development. Persistent performance gaps in USE, however, constrain the education sector and the economy's medium-term growth.

6. **Cambodia's upper secondary education system.** USE in Cambodia comprises the last 3 years of general secondary education (grades 10–12) and includes both academic and technical tracks. In school year 2016–2017, only one of four upper secondary-aged youths were enrolled in USE.<sup>5</sup> The 21% national completion rate was worse in rural areas, where the completion rate was at a very low 15%.<sup>6</sup> The 18% national dropout rate was higher in ethnic minority communities as well, and boys dropped out at a rate almost 3 percentage points higher than the girls' 17% dropout rate.<sup>7</sup> The grade 12 passing rate was only 62%.<sup>8</sup> Education and economic opportunities for the rural poor and those in remote areas, where indigenous peoples and ethnic minorities are predominant, remain constrained. Given low enrollment and completion rates among ethnic minority USE students, the requirement to complete grade 12 for the new bachelor's degree teacher qualification is an additional barrier. A challenge for the secondary education system is to produce skilled graduates in science who can also critically analyze, and problem solve.

7. **Binding constraints.** The government has identified the following binding constraints: (i) low access to USE; (ii) limited USE quality and labor market relevance; and (iii) weak capacity to plan, manage, and deliver USE.

<sup>3</sup> ADB. 2014. *Country Partnership Strategy: Cambodia, 2014–2018*. Manila.

<sup>4</sup> ADB. 2018. *Asian Development Outlook 2018: How Technology Affects Jobs*. Manila.

<sup>5</sup> Upper secondary gross enrollment rate in (i) lower middle-income countries: 56.8% (2015); (ii) low income countries: 27.8% (2015); and (iii) East Asia and Pacific (excluding high income countries): 77.2% (2015); World Bank. Education Statistics. <http://datatopics.worldbank.org/education> (accessed 10 July 2018).

<sup>6</sup> Government of Cambodia; Ministry of Education, Youth and Sport (MoEYS); Education Management Information System. 2017. *Public Education Statistics & Indicators, 2016–2017*. Phnom Penh. Upper secondary dropout rate: male: 19.7%, female: 17.0%, rural: 19.7%.

<sup>7</sup> S. David. 2018. [Ministry Says More Students Enrolling, with Fewer Dropouts](#). *Khmer Times*. 20 March.

<sup>8</sup> Government of Cambodia, MoEYS, Department of Planning. 2017. *Education Congress Report*. Phnom Penh.

8. **Low access to upper secondary education.** The high opportunity cost of schooling for poor students remains a major constraint to USE enrollment and completion. Corrective measures are already underway. Since 2016, the government has been addressing access issues through policy reforms and budget commitments. USESDP 1 has provided complementary support through key policy reforms and a 5-year investment project that runs until 2021.<sup>9</sup>

9. **Lack of qualified teachers.** A shortage in qualified teachers—including specialized USE subject teachers—impedes improvements in USE outcomes. Despite notable preservice teacher training improvements, gaps persist in USE teachers' content mastery and knowledge of effective pedagogy to improve student learning. The teaching profession attracts few top graduates, which partly explains the lack of qualified teachers and particularly disadvantages USSs. Teachers and teacher educators have limited opportunities to upgrade their pedagogical content knowledge. Teacher deployment is a challenge and has resulted in few qualified teachers, especially women, in disadvantaged areas. The proportion of women teachers in USE remains low at 39% overall, with 43% in urban areas, 37% in rural areas, and 31% in secondary resource schools.<sup>10</sup> Even fewer women teach physics, mathematics, and information and communication technology (ICT).<sup>11</sup> Few trained ethnic minority teachers are deployed to their home communities. USESDP 1 supported a comprehensive teacher policy that directed reforms in teacher recruitment, training, and development. However, key reforms on continuous professional development and a well-defined teacher career pathway system that links professional development and experience to promotion have yet to be developed and implemented.

10. **Low quality and relevance of standards, curriculum, and assessment.** Teaching and learning specialized USE subjects require minimum service standards for basic inputs such as laboratories, workshops, and equipment. Lacking these standards exacerbates inequities in teaching and learning quality across Cambodia's USSs. Limited innovative teaching strategies, poor organization of resources, and infrequent review and alignment of curriculum content to the skills needs of students and the labor market hamper the full implementation of the revised curriculum supported under USESDP 1. The absence of a learner assessment framework to measure student learning, identify least learned skills, and analyze underlying factors affecting poor learning outcomes precludes improvements in content and pedagogy. The USE system has no strong links to private sector partners that could improve labor market relevance. Additionally, USE students have limited access to opportunities for experiential learning, career guidance, and additional learning resources. The Ministry of Education, Youth and Sport (MoEYS) recognizes the need to use ICT in teaching and learning, but the government has yet to prepare a clear implementation plan to inform related investment and training.

11. **Weak capacity to plan, manage, and deliver services.** USS directors have weak capacity to provide instructional support to teachers and regularly assess and give feedback on their performance, impeding student learning and achievement potential. USS directors' limited engagement with stakeholders hampers the preparation and implementation of school improvement plans, and limited monitoring of plan implementation precludes the efficient use and allocation of resources. Inadequate USE budgets lead to a lack of critical resources for upgrading students' proficiency in specialized USE subjects. Schools generally have limited capacity to

<sup>9</sup> USESDP 1 includes construction of additional upper secondary schools in seven disadvantaged provinces.

<sup>10</sup> Secondary resource schools are secondary schools that have a secondary resource center equipped with science laboratories, computer laboratories, a library, meeting rooms, and other facilities. ADB's previous education programs established 36 secondary resource schools.

<sup>11</sup> MoEYS Education Management Information System data for school year 2016–2017 for grades 10–12 is included in the Social and Poverty Analysis (accessible from the list of linked documents in Appendix 2).

effectively mainstream gender in education as well. A clear human resource development plan that improves secondary school teachers' qualifications can improve resource allocation and management accountability.

12. **Value added by ADB assistance.** ADB has directly supported developing Cambodia's USE program and its reforms. Through technical assistance to the MoEYS, ADB helped identify policy and operational gaps and formulated policies to improve USE quality and relevance.<sup>12</sup> These policies covered ICT in education, teachers' professional development and career pathways, and minimum service standards for quality assurance. ADB has also provided analytical and advisory inputs on key policy reforms, including curriculum and assessment, school-based management, expansion of high-quality secondary schools, and resource allocation. These were achieved through ADB's extensive engagement in its ongoing education programs (footnote 2) and policy dialogue on medium-term directions and strategies with the government through the Education Sector Working Group.

13. **Sector development program.** Lessons from ADB's first three education sector development programs in Cambodia highlight the effectiveness of combining a policy-based program with an investment component for a comprehensive and integrated response to sector issues, gaps, and priorities.<sup>13</sup> The policy component will set the national policy framework to underpin the implementation of key reforms to improve teacher quality, expand high-quality secondary schools, and improve sector management. The investment component will support concrete interventions to implement these policy reforms, many of which entail substantial financial costs. The government was extensively engaged in identifying policy reforms and investments for USESDP 2. It is also committed to include expenditure related to the reforms in future budgets to sustain the impact of the reforms beyond the program's completion.

## B. Impact and Outcome

14. The program is aligned with the following impact: high-quality human resources developed.<sup>14</sup> The program will have the following outcome: effectiveness of the USE system improved.<sup>15</sup>

## C. Outputs

15. **Output 1: Quality of teachers in upper secondary schools improved.** This policy-based loan output operationalized the Teacher Policy Action Plan to improve the competency and upgrade the status of teachers. The government approved the establishment of teacher education colleges in Phnom Penh and Battambang province, to increase access to quality teacher training. The MoEYS strengthened the continuous professional development of teachers to improve content knowledge and teaching methodologies. The MoEYS approved the Framework on Teacher Career Pathways to incentivize qualified individuals into the teaching profession, and link teachers' career progression to professional development to retain quality teachers. Underpinned by the Cambodian Qualifications Framework,<sup>16</sup> the MoEYS approved the recognition of teachers'

<sup>12</sup> ADB. 2016. *Report and Recommendation of the President to the Board of Directors: Proposed Loans and Technical Assistance Grant to the Kingdom of Cambodia for the Upper Secondary Education Sector Development Program*. Attached Technical Assistance (accessible from the list of linked documents in Appendix 2). Manila.

<sup>13</sup> ADB. [Cambodia: Education Sector Development Program](#); ADB. [Cambodia: Second Education Sector Development](#); ADB. [Cambodia: Third Education Sector Development Program](#).

<sup>14</sup> Government of Cambodia, MoEYS. 2014. *Education Strategic Plan, 2014–2018*. Phnom Penh.

<sup>15</sup> The design and monitoring framework is in Appendix 1.

<sup>16</sup> The Cambodia Qualifications Framework classifies qualifications for all levels of education and training nationwide.

prior learning and professional experience to upgrade their qualifications through the fast-track qualifications upgrade program.

16. The project will help transform Cambodia's National Institute of Education (NIE) into a state-of-the-art center for training current and future USE teachers. The project will assess the NIE's organization structure, governance, leadership, human resources staffing, and fiduciary capacity. It will upgrade classrooms and science laboratories and will build a new library to professional standards. The library will have new equipment, teaching and learning resources, and separate water and sanitation facilities for women and men. The project will revise preservice and in-service curriculum, instruction, and assessment for USE teachers, school directors, and inspectors. It will conduct in-service training for STEM and USE teachers from 50 secondary resource schools and 81 upper secondary network schools.<sup>17</sup> This training will cover the revised curriculum, content knowledge, instruction, and assessment; and will include culturally inclusive and gender-responsive STEM teaching and learning methods. The program will provide equal opportunity scholarships for NIE lecturers for advanced education programs. NIE librarians will receive training on creating an effective print and e-library environment for students and teachers to support learning. The project will also establish a sex-disaggregated teachers' professional development database to improve planning.

17. **Output 2: Quality and labor market relevance of upper secondary education improved.** This output of the policy-based loan established implementation arrangements, review and monitoring structures, and standards to review and improve USE outcomes. The MoEYS implemented the Curriculum Framework for General and Technical Education. MoEYS established a kindergarten to grade 12 student learning assessment framework to guide the measurement of learning and inform improvements to the teaching and learning process. Minimum service standards were set for school infrastructure, personnel, and teaching and learning resources for secondary resource schools. These standards define key indicators on major inputs and processes to improve education performance and inform expansion and resource allocation. Teaching and learning processes have integrated digital education strategies through the Policy and Strategies on Information and Communication Technology in Education in Cambodia, which also guides resource allocation for infrastructure, technical support to schools and teachers, and teacher training.

18. The project will expand high-quality USSs by (i) upgrading ICT and science classrooms in 36 secondary resource schools; (ii) converting two classrooms in each of these schools into science classrooms; and two classrooms in 81 upper secondary network schools into science classrooms and libraries with equipment, teaching materials, books, and furnishings; (iii) installing project-based, life skills classrooms for activity-based learning in 25 secondary resource schools and upgrading 50 school libraries through professional development for librarians; (iv) upgrading water and sanitation facilities in 18 secondary resource schools, including providing separate toilets for girls and boys; and (v) supplying solar power in selected USSs. The project will establish gender-responsive and culturally inclusive career guidance programs in 50 secondary resource schools, seven in provinces with a significant indigenous peoples' population. The program will establish partnerships between schools, local businesses, and industry to help students understand working environments, and further their studies. This includes site visits, work experience programs, career counseling, and guest speakers in secondary resource school networks. The project will pilot test an extracurricular STEM skills program for upper secondary students, which will be delivered by external service providers, in 20 secondary resource schools.

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<sup>17</sup> Network schools refer to a cluster of secondary schools that are close to a secondary resource school.

19. **Output 3: Institutional capacity for planning, management, and delivery of education strengthened.** This policy-based loan output improved education efficiency and effectiveness through improved management, planning, and resource allocation. The MoEYS approved school director standards to guide hiring, training, capacity building, and performance evaluation of school directors. The MoEYS approved a 10-year human resource development plan for secondary education, focusing on improving the qualifications of secondary school teachers. It also operationalized the 3-year budget strategic plan that aligns with education reforms in the Education Strategic Plan (footnote 12). The MoEYS implemented the Gender Mainstreaming Strategic Plan in Education, 2016–2020 and integrated budget and staff resources with its departments' budget and staff allocation.<sup>18</sup>

20. The project will provide in-service training on school-based management and the new curriculum framework to some secondary resource school directors, deputy directors, and administration and finance staff. In-service training on school-based finance will reach administrators and finance staff from 81 upper secondary network schools, 7 of which are in provinces with a substantial indigenous peoples' population. The project will provide training to staff from 25 provincial offices of education on the new regional inspection system and 24 personnel from the General Secondary Education Department on secondary resource school supervision and mentoring. The project will improve the grade 12 examination design, delivery, processing, and analysis procedures through needs assessment and professional development programs for Department of Examination Affairs staff. It will improve teacher deployment, especially in rural and indigenous people and/or ethnic minority areas, with increased attention to gender gaps. It will also develop multimedia resources for pre- and in-service training and disseminate USE success stories to encourage youth of all backgrounds to participate in USE.

#### D. Summary Cost Estimates and Financing Plan

21. **Overall program financing.** The overall program is estimated to cost \$53.5 million (Table 1). ADB will provide a policy-based loan of \$15.0 million and a project loan of \$35.0 million equivalent. The government will provide counterpart funding of \$3.5 million from its central budget.

**Table 1: Summary Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Ordinary capital resources (concessional policy-based loan)	15.0	28.0
Ordinary capital resources (concessional project loan)	35.0	65.5
Government	3.5	6.5
<b>Total</b>	<b>53.5</b>	<b>100.0</b>

Source: Asian Development Bank.

22. **Program financing plan.** The government has requested a concessional loan of \$15 million equivalent from ADB's ordinary capital resources to help finance the program. The loan will have a 24-year term, including a grace period of 8 years; an interest rate of 1.0% per year during the grace period and 1.5% per year thereafter; and such other terms and conditions set forth in the draft loan agreement. The policy-based loan will be released upon loan effectiveness. The size of the policy-based loan is based on Cambodia's development financing needs, the strength of the reforms, and the net economic benefits of the government's reform agenda. Cambodia's gross financing needs remain high. In 2018, with a budget deficit target of 5.9% of

<sup>18</sup> Government of Cambodia, MoEYS. 2015. *Gender Mainstreaming Strategic Plan in Education, 2016–2020*. Phnom Penh.

gross domestic product, government financing needs are estimated at \$1.1 billion in official development assistance—\$0.1 billion through grants and \$1.0 billion through concessional loans.

23. **Project investment plan.** The government has requested a concessional loan of \$35 million equivalent from ADB's ordinary capital resources to help finance the project, including taxes and duties. The loan will have a 32-year term, including a grace period of 8 years; an interest rate of 1.0% per year during the grace period and 1.5% per year thereafter; and such other terms and conditions set forth in the draft project agreement. ADB will finance the expenditures for civil works, goods, consulting services, capacity development, and recurrent costs. The government will provide counterpart funding of \$3.5 million; and counterpart support in the form of staff, office accommodation and facilities, and other in-kind contributions. The summary of cost estimates is in Table 2. Detailed cost estimates by expenditure category and by financier are included in the project administration manual (PAM).<sup>19</sup>

**Table 2: Summary Cost Estimates**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Output 1: Quality of teachers in upper secondary schools improved	10.71
2. Output 2: Quality and labor market relevance of upper secondary education improved	17.98
3. Output 3: Institutional capacity for planning, management, and delivery of education strengthened	5.01
<b>Subtotal (A)</b>	<b>33.70</b>
<b>B. Contingencies<sup>c</sup></b>	<b>3.61</b>
<b>C. Financial Charges During Implementation<sup>d</sup></b>	<b>1.19</b>
<b>Total (A+B+C)</b>	<b>38.50</b>

<sup>a</sup> Includes taxes and duties of \$2.37 million, which will be financed by the Asian Development Bank. Such amount does not represent an excessive share of the project cost.

<sup>b</sup> In mid-2018 prices as of March 2018.

<sup>c</sup> Physical contingencies computed at 10% for civil works; and 5% for goods, consulting services, capacity development, and recurrent costs. Price contingencies computed at an average of 1.5% on foreign exchange costs and 3.5% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Includes interest charges. Interest during construction has been computed at the rate of 1% per year.

Source: Asian Development Bank estimates.

## E. Implementation Arrangements

24. To synergize between the two programs, USESDP 1's project steering committee, chaired by the MoEYS minister, will provide overall supervision and guidance to USESDP 2. USESDP 1's project director and manager will also lead and manage USESDP 2. The executing agency's organizational and operational structures are used to implement and coordinate project implementation, i.e., the NIE, the Directorate General of Education, and the Directorate General of Administration and Finance are the key implementing agencies and responsible for their respective components. The component-based approach of USESDP 2 promotes more direct oversight and implementation by MoEYS personnel, which will contribute to stronger project understanding, competency development, and sustainability beyond the life of the project. The project coordination unit (PCU) and project implementation consultant for USESDP 2 will provide oversight, coordination, and corporate support to the implementing agencies. The implementation arrangements are summarized in Table 3 and described in detail in the PAM.

<sup>19</sup> Project Administration Manual (accessible from the list of linked documents in Appendix 2).

**Table 3: Implementation Arrangements**

Aspects	Arrangements			
	Policy-Based Loan		Project Loan	
Implementation period	October 2016–December 2018		December 2018–December 2024	
Estimated completion date	31 December 2018		31 December 2024	
Estimated loan closing date	30 June 2019		30 June 2025	
Management				
(i) Oversight body	Project Steering Committee Chair: Minister of education Members: (i) secretary of state and undersecretary of state; (ii) representatives from the Ministry of Economy and Finance, Ministry of Labor and Vocational Training, Ministry of Women’s Affairs, and Ministry of Civil Service; and (iii) MoEYS’ Directorate General of Education, Directorate General of Policy and Planning, Directorate General of Administration and Finance, Inspectorate General, National Institute of Education, and technical departments PSC will provide overall direction and guidance, facilitate inter-ministry coordination, and ensure timely implementation of policy and institutional reforms. PSC will meet twice a year.			
(ii) Executing agency	The MoEYS will undertake the project under established guidelines and procedures and will assign individuals and teams from within its existing structure to be responsible for project implementation. The MoEYS will establish a PCU comprising three implementing agencies.			
(iii) PCU	Project director: secretary of state, MoEYS Deputy directors: undersecretary of state and director general of education, MoEYS Project manager: deputy director general, Directorate General of Education, MoEYS Deputy project managers: deputy director general of policy and planning, and director of the Department of General Secondary Education PCU staff and 10 staff from 5 POEs			
(iv) Key implementing agencies	National Institute of Education, Directorate General of Education, and Directorate General of Administration and Finance			
Procurement <sup>a</sup>	OCB for works	10 packages	10 contracts	\$10,235,000
	RFQ for works	1 package	1 contract	\$10,000
	OCB for goods	12 packages	12 contracts	\$6,437,500
	RFQ for goods	14 packages	14 contracts	\$611,250
Consulting services <sup>a</sup>	OCB-QCBS	451 person-months (3 contracts)		\$2,962,000
	ICS-REOI	578 person-months (14 contracts)		\$1,606,500
	Direct contracting	465 person-months (2 contracts)		\$1,425,000
Retroactive financing and/or advance contracting	No retroactive financing. The MoEYS has proposed advance procurement actions for the selection of consulting firms for project implementation and preparation of the National Institute of Education master plan for upgrading and development.			
Disbursement	The policy-based and project loan proceeds will be disbursed following ADB’s <i>Loan Disbursement Handbook</i> (2017, as amended from time to time), and detailed arrangements agreed between the government and ADB.			

ADB = Asian Development Bank; ICS-REOI = individual consultant selection, request for expression of interest; MOEYS = Ministry of Education, Youth and Sport; OCB = open competitive bidding; PCU = project coordination unit; POE = provincial office of education QCBS = quality- and cost-based selection; RFQ = request for quotation.

<sup>a</sup> Procurement and consulting services will follow the ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time).

Source: ADB.

### III. DUE DILIGENCE

#### A. Economic and Financial

25. The major economic benefits of the program include USE graduates' improved productivity and cost savings from the secondary schools' increased system efficiency. The program will (i) increase the number of USS graduates; (ii) improve the skills and competencies



of USE graduates in the labor market, leading to increased earnings; and (iii) reduce the unit cost of schooling per student with the increased USE participation, retention, and promotion rates. Overall, the program is expected to generate net benefits with a present value of \$66 million. Benefits of \$506 million will accrue through improved incomes of graduates and the increased efficiencies of USE administration. Economic costs total \$440 million and consist primarily of direct budget expenditures and opportunity costs. The project's economic internal rate of return is 14.4%, well above the 9.0% economic opportunity cost of investment.<sup>20</sup>

## **B. Governance**

26. ADB's financial management assessment of the MoEYS concluded that the overall pre-mitigation financial management risk is *substantial*. Internal controls are weak because capacity development activities are often paid in cash. The MoEYS also has limited capacity to conduct internal audit of the project's internal controls. To mitigate against weak internal controls, the project financial management manual will include procedures and mechanisms that reduce the use of cash. The project will hire a national finance specialist to train the MoEYS Internal Audit Department staff on internal audit. Five trained staff will conduct the project's internal audit. ADB's procurement capacity and risk assessments showed that the MoEYS procurement unit can handle the procurement of works, goods, and services for the project with the additional, full-time support of a national procurement specialist.

27. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government and MoEYS. The specific policy requirements and supplementary measures are described in the PAM (footnote 19).

## **C. Poverty, Social, and Gender**

28. The program aims to improve the quality of public USSs, which most poor youths attend. High-quality education programs improve the youth's economic potential and the country's future competitiveness. ADB assessed the program's poverty impact based on incremental benefits and costs generated by program reforms. Incremental benefits result from the improved future income-generating capacity of USE graduates and the improved efficiency in the delivery of educational services in secondary schools. The calculated poverty impact ratio is 0.23, implying that about 23% of net economic benefits accrue to the poor.<sup>21</sup>

29. The program is classified *gender equity as a theme*. The policy matrix reflects the government's adoption and implementation of the Gender Mainstreaming Strategic Plan in Education, 2016–2020 (footnote 18). For the project, the MoEYS developed a gender action plan (GAP) based on gender analysis and building on USESDP 1's GAP.<sup>22</sup> It will support (i) gender mainstreaming in teaching and learning (gender-responsive pedagogy and materials free of gender bias); (ii) a gender-responsive school environment; and (iii) professional development targeted to female staff. The GAP will ensure female students equally benefit from STEM-related activities. The PCU will be responsible for its implementation, monitoring, and at least semiannual reporting to ADB. The MoEYS gender working group will also support regular monitoring.

<sup>20</sup> Economic Analysis (accessible from the list of linked documents in Appendix 2).

<sup>21</sup> Program Impact Assessment (accessible from the list of linked documents in Appendix 2).

<sup>22</sup> Gender Action Plan (accessible from the list of linked documents in Appendix 2).

## D. Safeguards

30. In compliance with ADB's Safeguard Policy Statement (2009), the project's safeguard categories are as follows.<sup>23</sup>

31. **Environment (category C).** The proposed upgrade and renovation of facilities within the NIE, secondary resource schools, and selected upper secondary network schools is anticipated to have minimal impacts. The upgrade and renovation of classrooms and libraries and the repair of degraded water pipes in toilets will be limited to the confines of the existing school compounds. The environmental impacts of construction and renovation works are expected to be temporary and localized and can be mitigated by good construction practices. The MoEYS developed an environmental code of conduct (a simplified environmental management plan) to address the identified health and safety, temporary nuisance, and waste management impacts that it will include in all civil works contracts. The MoEYS's quality control guidelines for works in schools have detailed specifications for managing the environment, safety, security, and labor during planning, implementation, and monitoring of school construction activities. The MoEYS's Department of Construction has experience in implementing numerous foreign-assisted projects and will be supported by project implementation consultants. A grievance redress mechanism will address project-related complaints. None of the policy actions have environmental impacts.

32. **Involuntary resettlement (category C).** ADB's due diligence confirms there will be no land acquisition and resettlement impacts, as all works will be located within the boundaries of existing facilities on fenced state-owned land and will not restrict access to lands or people's livelihoods. The 18 in-depth interviews in 13 sample facilities confirmed the project can accommodate the upgrade of facilities within school sites. The PCU will carry out consultations throughout the project. It will establish a gender-inclusive, project-specific grievance redress mechanism to receive, record, and resolve communities' concerns on project-related impacts, with attention to vulnerable people. The policy actions will not have any impact on involuntary resettlement.

33. **Indigenous peoples (category B).** Educational outcomes for the five northeastern provinces that will be covered by the program, specifically in indigenous people and/or ethnic minority communities, are below the national average. Students in these areas face obstacles in gaining access to quality and relevant education, such as teacher shortages, high levels of teacher absenteeism, and insufficient relevant teacher training on a culturally inclusive curriculum. Although the project will be implemented countrywide, the features that were integrated in the outputs in lieu of an indigenous peoples plan will provide enhanced benefits to indigenous people and/or ethnic minority communities and learners. Design features include culturally relevant training, equal access to enhanced ICT and science classrooms, culturally inclusive career guidance, and improved school management in disadvantaged provinces. The policy actions will not have a negative impact on indigenous peoples. The program is expected to have a positive impact on indigenous peoples as defined in the Safeguard Policy Statement.

## E. Summary of Risk Assessment and Risk Management Plan

34. Significant risks and mitigating measures are summarized in Table 4 and described in detail in the risk assessment and risk management plan.<sup>24</sup>

<sup>23</sup> ADB. Safeguard Categories. <https://www.adb.org/site/safeguards/safeguard-categories>.

<sup>24</sup> Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

**Table 4: Summary of Risks and Mitigating Measures**

<b>Risks</b>	<b>Mitigation Measures</b>
Changes in government priorities shift resources away from education reforms.	Develop a medium-term expenditure framework for education that aligns with education priorities
An adequate number of qualified instructors are not available for recruitment.	Formulate, adopt, and implement policies to provide incentives to qualified candidates to enter the teaching profession
The excessive use of cash for MoEYS activities has led to weak internal controls.	Prepare and implement a project financial management manual, including mechanisms to reduce the use of cash
The MoEYS Internal Audit Department has inadequate capacity to effectively audit of the project.	Train Internal Audit Department staff and assign some to conduct the project's internal audit
Government staff appointed to the MoEYS finance unit have limited capacity.	Appoint skilled and experienced finance staff, and hire both international and national finance consultants to train and support finance staff
The government's procurement manual is not aligned with the Asian Development Bank's new procurement policy and regulations.	Work with government to ensure eventual alignment

MoEYS = Ministry of Education, Youth and Sport.

Source: Asian Development Bank.

#### **IV. ASSURANCES**

35. The government and MoEYS have assured ADB that implementation of the project shall conform to all applicable ADB policies, including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the PAM and loan documents.

36. The government and MoEYS have agreed with ADB on certain covenants for the project, which are set forth in the draft loan agreements.

#### **V. RECOMMENDATION**

37. I am satisfied that the proposed loans would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve

- (i) the policy-based loan of \$15,000,000 to the Kingdom of Cambodia for the Second Upper Secondary Education Sector Development Program, from ADB's ordinary capital resources, in concessional terms, with an interest charge at the rate of 1.0% per year during the grace period and 1.5% per year thereafter; for a term of 24 years, including a grace period of 8 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan agreement presented to the Board; and
- (ii) the project loan of \$35,000,000 to the Kingdom of Cambodia for the Second Upper Secondary Education Sector Development Program, from ADB's ordinary capital resources, in concessional terms, with an interest charge at the rate of 1.0% per year during the grace period and 1.5% per year thereafter; for a term of 32 years, including a grace period of 8 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan agreement presented to the Board.

Takehiko Nakao  
President

5 September 2018

### DESIGN AND MONITORING FRAMEWORK

Impact the Program is Aligned with High-quality human resources developed (Education Strategic Plan, 2014–2018; and Industrial Development Policy, 2015–2025) <sup>a</sup>			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
<b>Outcome</b> Effectiveness of the USE system improved	<b>By 2025</b> a. GER for USE increased to 31.8% (male: 26.8%; female: 34.6%; rural 29.2%) (SY2016/17 baseline: 25.1%; male: 23.6%; female: 26.7%; rural: 21.4%) b. Grade 10 to 11 promotion rate increased to at least 90.1% (male: 89.2%; female: 90.7%; rural: 87.2%); (SY2016/17 baseline: 85.5%; male: 84.8%; female: 86.1%; rural: 83.3%) c. Grade 11 to 12 promotion rate increased to 97.0% (male: 96.5%; female: 97.4%; rural: 93.2%) (SY2016/17 baseline: 93.1%; male: 91.9%; female: 94.2%; rural: 89.3%) d. USE dropout rate decreased to 15.0% (male: 16.4%; female: 13.1%; rural: 15.8%) (SY2016/17 baseline: 18.3%; male: 19.7%; female: 17.0%; rural: 19.7%)	a–d. MoEYS EMIS (annually)	Changes in government priorities shift resources away from education reforms.
<b>Outputs</b> 1. Quality of teachers in USSs improved	<b>Program by 2018</b> 1a. Sub-decrees on the establishment of teacher education colleges in Phnom Penh and Battambang approved (SY2016/17 baseline: no sub-decree) 1b. Teachers' CPD policy approved by MoEYS (SY2016/17 baseline: no policy) 1c. Teachers' career pathways policy approved by MoEYS (SY2016/17 baseline: no policy) 1d. Recognition of prior learning and professional experience policy approved by MoEYS (SY2016/17 baseline: no policy)  <b>Project</b> 1e. NIE organizational review and action plan, including gender recommendations, completed by 2019 (SY2016/17 baseline: not applicable) 1f. NIE facilities upgrade, resourcing, and program delivery reform completed (gender-responsive education environment) <sup>b</sup> by 2023 (SY2016/17 baseline: not applicable) 1g. At least 1,100 USS STEM teachers from 50 SRSs, 2,000 STEM teachers from 81 upper secondary network schools, and 40 NIE STEM lecturers (at least 25% female overall) increase their understanding of the new curriculum framework, content knowledge, instruction, and assessment by 2024 (SY2016/17 baseline: 0) 1h. 7 (at least 4 females) NIE lecturers receive scholarships for advanced education programs by 2024 (SY2016/17 baseline: 0)	1a. Sub-decrees on the establishment of teacher education colleges and implementation guidelines 1b. MoEYS's CPD policy for teachers 1c. MoEYS's teacher career pathways policy 1d. <i>Prakas</i> <sup>c</sup> on recognition of prior learning and professional development experience 1e. Organizational and functional review document with TOR and action plan 1f–h. MoEYS's quarterly reports	An adequate number of qualified instructors and assessors is not available for recruitment because of increased domestic demand from higher-paying employers for such skilled staff.
2. Quality and labor market relevance of USE improved	<b>Program by 2018</b> 2a. Quality standards for SRSs approved (SY2016/17 baseline: no standards) 2b. Updated Policy and Strategy on Information and Communication Technology in Education approved (SY2016/17 baseline: 2004 policy) 2c. Student learning assessment framework for kindergarten to grade 12 approved (SY2016/17 baseline: no framework) 2d. Curriculum framework implemented (SY2016/17 baseline: not implemented)	2a. MoEYS standards for infrastructure, teaching, and learning resources and personnel 2b. Policy and Strategies on Information and Communication Technology in Education in Cambodia	

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	<b>Project</b> 2e. Science labs and ICT classrooms in 36 SRSs upgraded, and 2 classrooms in each of the 36 SRSs converted into science classrooms with equipment and teaching materials by 2022 (SY2016/17 baseline: 0) 2f. 2 classrooms converted into science classrooms and libraries in 81 upper secondary network schools upgraded with equipment, teaching materials, books, and furnishings by 2022 (SY2016/17 baseline: 0) 2g. Project-based, life skills classrooms installed in 25 SRSs by 2023 (SY2016/17 baseline: 0) 2h. 50 SRSs establish gender-responsive <sup>b</sup> USE career guidance programs by 2023 (SY2016/17 baseline: 0) 2i. Extracurricular STEM skills programs for upper secondary students (50% female) in 20 SRSs pilot tested by 2023 (SY2016/17 baseline: 0) 2j. School libraries upgraded in 50 SRSs by 2022 (SY2016/17 baseline: 0) 2k. Water and sanitation facilities in 18 SRSs upgraded (by gender) by 2021 (SY2016/17 baseline: 0) 2l. Solar power systems in 20 SRSs and 30 secondary network schools installed by 2021 (SY2016/17 baseline: 0) 2m. USS–industry partnerships established in 50 SRSs by 2024 (SY 2016/17 baseline: 0)	2c. Grades 1–12 student learning assessment framework 2d. <i>Prakas</i> on the implementation of the curriculum framework 2e–m. MoEYS project quarterly reports; review mission reports	
3. Institutional capacity for planning, management, and delivery of education strengthened	<b>Program by 2018:</b> 3a. Gender Mainstreaming Strategic Plan in Education, 2016–2020 implemented (SY2016/17 baseline: not implemented) 3b. Budget strategic plan, 2018–2020 approved and operationalized (SY2016/17 baseline: no budget strategic plan) 3c. Human resource development and management plan for secondary education for IDP, 2015–2025 approved (SY2016/17 baseline: no plan) 3d. School director professional standards approved (SY2016/17 baseline: no standards)  <b>Project</b> 3e. At least 162 SRS directors and deputy directors and 150 administrators (disaggregated by sex) increase their knowledge of school-based management by 2022 (SY2016/17 baseline: 0) 3f. At least 237 administrators and finance staff from 81 upper secondary network schools (disaggregated by sex) increase their knowledge of school-based finance procedures by 2023 (SY2016/17 baseline: 0) 3g. 20 DEA personnel (25% female) acquired increase knowledge of examination design and delivery by 2021 (SY2016/17 baseline: 0) 3h. 24 SRS unit personnel (at least 30% female) increase their knowledge of SRS supervision by 2020 (SY2016/17 baseline: 0) 3i. Teacher deployment policy reformed and implemented, paying attention to gender gaps in USE by 2021 (SY2016/17 baseline: not reformed) 3j. 25 POEs (at least 7 female) increase their knowledge on new regional inspection system by 2020 (SY2016/17 baseline: 0)	3a. MoEYS Gender Mainstreaming Strategic Plan in Education, 2016–2020 3b. Budget strategic plan, 2018–2020 3c. Human resource development and management plan for secondary education for IDP, 2015–2025 3d. School director professional standards 3e–h. Training participant feedback survey 3i. MoEYS project quarterly report 3j. Training participant feedback survey	

<b>Key Activities with Milestones</b>
<p><b>1. Quality of teachers in USSs improved</b></p> <p>1.1 Conduct an organizational and functional review of NIE (with a gender lens); upgrade NIE facilities; procure equipment and other resources; and review and update program delivery by Q4 2023</p> <p>1.2 Provide INSET to 40 NIE lecturers and teachers in 50 SRSs on new USE STEM curriculum and improved instruction and assessment in gender-responsive STEM instruction by Q4 2024</p> <p>1.3 Develop sex-disaggregated database of teachers' and administrators' prior learning and professional experience in 50 SRSs by Q4 2021</p> <p>1.4 Provide scholarships for advanced education programs to 7 (at least 4 female) NIE lecturers by Q4 2024</p> <p><b>2. Quality and labor market relevance of USE improved</b></p> <p>2.1 Develop and implement gender-responsive USS career guidance in 50 SRSs with local industry by Q4 2023</p> <p>2.2 Develop and pilot a STEM skills extracurricular program in 20 SRSs by Q4 2023</p> <p>2.3 Refurbish SRS science labs and ICT classrooms and provide teacher training in 36 SRSs by Q4 2022</p> <p>2.4 Provide professional development and upgrade packages to 50 SRS libraries by Q4 2022</p> <p>2.5 Convert 2 classrooms in 36 SRSs into science classrooms with equipment and training materials by Q4 2022</p> <p>2.6 Convert 2 classrooms in 81 upper secondary network schools into science classrooms and libraries with equipment, training materials, books, and furnishings by Q2 2022</p> <p>2.7 Provide training for librarians from 50 SRSs by Q4 2022</p> <p>2.8 Install multipurpose, project-based life skills classrooms in 25 SRSs by Q2 2023</p> <p>2.9 Upgrade water and sanitation systems (with separate facilities for girls and boys) in 18 SRSs by Q4 2021.</p> <p>2.10 Install solar power systems in 50 SRS Network schools by Q4 2021</p> <p><b>3. Institutional capacity for planning, management, and delivery of education strengthened</b></p> <p>3.1 Provide professional development to MoEYS SRS unit to improve SRS support by Q4 2020</p> <p>3.2 Deliver INSET to 162 SRS directors and 150 administrators and finance staff (fair participation of female staff) on school-based management and finance procedures by Q4 2022</p> <p>3.3 Deliver INSET to at least 273 administrators and finance staff (fair participation of female staff) from 81 upper secondary network schools on school-based finance procedures by Q4 2023</p> <p>3.4 Conduct regional orientation workshops for at least 50 SRSs and 25 POEs by Q4 2019</p> <p>3.5 Deliver INSET to 100 staff from 25 POEs on new regional inspection system by Q1 2020</p> <p>3.6 Provide training for DEA personnel to improve grade 12 examinations by Q2 2021</p> <p>3.7 Upgrade teacher deployment system with special attention to gender gaps by Q4 2021</p> <p>3.8 Create multimedia teaching and learning resources on USE by Q4 2022</p>
<p><b>Project Management Activities</b></p> <p>Establish the project coordination unit by Q4 2018</p> <p>Recruit project implementation consultants within 6 months of loan effectiveness</p> <p>Organize project orientation workshops: inception workshop within 2 months of loan effectiveness, midterm workshop in 2022, and final review workshop in 2024</p>
<p><b>Inputs</b></p> <p>ADB: \$15,000,000 (policy-based loan, concessional ordinary capital resources)</p> <p>\$35,000,000 (project loan, concessional ordinary capital resources)</p> <p>Government: \$3,500,000</p>
<p><b>Assumptions for Partner Financing</b></p> <p>Not applicable</p>

ADB = Asian Development Bank; CPD = continuous professional development; DEA = Department of Examination Affairs; EMIS = education management information system; GER = gross enrollment rate; ICT = information and communication technology; IDP = industrial development policy; INSET = in-service training; MoEYS = Ministry of Education, Youth and Sport; NIE = National Institute of Education; POE = provincial office of education; Q = quarter; SRS = secondary resource school; STEM = science, technology, engineering, and mathematics; SY = school year; TOR = terms of reference; USE = upper secondary education; USS = upper secondary school.

<sup>a</sup> Government of Cambodia, MoEYS. 2014. *Education Strategic Plan, 2014–2018*. Phnom Penh; and Government of Cambodia. 2015. *Cambodia Industrial Development Policy, 2015–2025*. Phnom Penh.

<sup>b</sup> Gender-responsive career guidance programs ensure both female and male students equally participate in and benefit from the USS–industry partnerships and STEM activities (Gender Action Plan [accessible from the list of linked documents in Appendix 2 of the report and recommendation of the President]).

<sup>c</sup> A *prakas* is a proclamation or a ministerial decision.

Source: ADB.

**LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/RRPs/?id=47136-006-3>

1. Loan Agreement: Policy-based Loan
2. Loan Agreement: Project Loan
3. Sector Assessment (Summary): Education
4. Project Administration Manual
5. Contribution to the ADB Results Framework
6. Development Coordination
7. Financial Analysis
8. Economic Analysis
9. Country Economic Indicators
10. International Monetary Fund Assessment Letter<sup>1</sup>
11. Summary Poverty Reduction and Social Strategy
12. Risk Assessment and Risk Management Plan
13. List of Ineligible Items
14. Gender Action Plan
15. Indigenous Peoples Planning Framework
16. Resettlement Due Diligence Report

**Supplementary Documents**

17. Environmental Code of Conduct for Contractors
18. Poverty and Social Analysis
19. Highlights of the Gender Mainstreaming Strategic Plan in Education, 2016–2020
20. Detailed Sector Assessment: Education and Technical and Vocational Education and Training
21. Program Impact Assessment
22. Detailed Economic Analysis

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<sup>1</sup> The International Monetary Fund confirmed on 11 May 2018 that the attached letter may serve as the International Monetary Fund assessment letter.

## DEVELOPMENT POLICY LETTER

KINGDOM OF CAMBODIA  
Nation Religion King



MINISTRY OF ECONOMY AND FINANCE



MINISTRY OF EDUCATION, YOUTH AND SPORT

Phnom Penh, *July 06* 2018

Mr. Takehiko Nakao  
President  
Asian Development Bank  
Manila, Philippines

**Subject:** DEVELOPMENT POLICY LETTER AND POLICY MATRIX  
Second Upper Secondary Education Sector Development Program (USESDP 2)

Your Excellency,

1. The Royal Government of Cambodia (the Government) explicitly prioritizes human resource development through education to enhance the country's competitiveness and further stimulate economic growth. The Education Strategic Plan (ESP) 2014–2018 and Projection 2020 of the Ministry of Education, Youth, and Sport (MoEYS), in collaboration with its development partners, is working towards the realization of the Government's education vision 2030 to develop a knowledge-based society within Cambodia. The ESP reflects the government's objectives of ensuring inclusive and equitable quality education and promote lifelong learning for all and effective leadership and management of education staff at all levels. The Asian Development Bank (ADB) has been providing valuable support to the government to improve its human capital through education and skills development.

2. The Government would like to take this opportunity to thank the ADB for its long-standing and continuing support to the education reforms through the sector development programs in basic education (ESDP I, II, III) and recently, its focused support to improve upper secondary education sector through its sector development program (USESDP). These have contributed to laying the foundation for the policy reforms in education financing, governance, and improving access of the poor to quality education.

3. We are pleased to report that the Government, with assistance from the ADB and other development partners, has made significant progress in expanding access to primary education with the achievement of Goal 2 of the Cambodian Millennium Development Goals on universal access to primary education. Primary net enrollment rate has reached a high of 97.7% (98.2% for female) in School Year (SY) 2016/17, from 90.1% (88.6% for female) in SY 2003/04. Similarly, during the same period, gross enrollment in secondary education has increased from 39.3% (33.3% for female) to 57.6% (61.5% for female) for lower secondary education and from 13.9% (10.0% for female) to 25.1% (26.7% for female) for upper secondary education (USE). The increased enrollment is attributed to the policy abolishing formal school enrolment fees in 2001; pro-poor financial support (scholarship) to enhance

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access of disadvantaged students, including ethnic minority and female students, and outstanding science stream students; construction and upgrading of education facilities; and improved internal efficiency of school management and the overall education system. Despite these achievements, much work remains to be done to ensure that we have the skilled human resources to meet local and regional labor market demands.

4. We would like to apprise Your Excellency of upcoming policy reforms toward improving the effectiveness of USE system in Cambodia, for which the Government has sought ADB assistance under the proposed Second Upper Secondary Education Sector Development Program (USESDP 2). The policy program builds upon and carries forward foundational policies that the Government and MoEYS have put in place to further operationalize the Government's education priorities. In line with the main policy areas of the ESP and MoEYS' reform priorities, the policy actions support immediate and medium-term subsector objectives in secondary education, particularly in the USE sub-sector, to address the identified barriers to Cambodia's competitiveness. Under the project component of the proposed USESDP 2, the Government agrees to fully implement the policy reforms indicated in the policy matrix and explained in detail below.

5. **Improved quality of teachers in upper secondary education.** In October 2016, MoEYS issued the policy for nationwide implementation on the recognition of prior learning and professional experience using the credit system in line with the Cambodian Qualifications Framework, designed to incentivize and provide opportunities for teachers to upgrade their qualifications through the fast track qualifications upgrading program. To support the MoEYS's effort to enhance teacher's skills and qualifications to education staff at all levels to attend professional development courses and to instill the culture of lifelong learning, the Government issued two Sub-Decrees, signed by Prime Minister in May 2017, to establish teacher education colleges in Phnom Penh and Battambang province, with an associated policy, issued by MoEYS in August 2017, on continuous professional development (CPD) for education staff. The project loan component of the proposed USESDP 2 will support the MoEYS' National Institute of Education (NIE) to transform into a state of the art center for preparing future USE teachers and training of the current lecturers through organizational review of NIE for delivery of high quality pre-service and in-service teacher training of upper secondary (US) science, mathematics, and ICT teachers, school directors, school inspectors, and science and mathematics upper secondary school teachers from 50 secondary resource schools (SRS) and 81 SRS upper secondary network schools on applying new curriculum framework, content knowledge, instruction, and assessment.

6. To strengthen the management and development of education staff and to attract qualified individuals, including students and staff in disadvantaged and ethnic minority areas, to join the teaching profession, the Government issued the teacher career pathways policy framework document in early June 2018. The policy provides opportunities for professional development of school teachers to upgrade their academic qualifications and promote their career progression to improve teachers' status through CPD policy implementation. The USESDP 2 will also support MoEYS to develop and pilot a database of teachers' professional development in 50 SRSs for improved professional development planning and outcomes. The teachers' professional development database will include a profile of individual teachers and staff, including their qualifications, and professional development courses received by teachers and staff, and their career progression, etc. The database system will be rolled out nationwide.

7. **Improved quality and labor market relevance of upper secondary education.** The ESP and the MoEYS' reform priorities highlight the Government's commitment to equip youth with relevant and quality learning experience enabling them to contribute effectively to the country's growth. The Government has intensified efforts to implement the curriculum framework, aligned with the skills and competency requirements in the labor market and enhanced measures to assess and monitor learning outcomes and identify gaps. These

accomplishments included: applying the curriculum framework for general and technical education nationwide, integrating mechanisms for every 5 year-periodic review and adjustments of the curriculum framework to ensure responsiveness to the skills and competency requirements in the workplace and in higher education; and development and implementation of the policy on Cambodia's student learning assessment framework for Grades K to 12 to measure learning outcomes, ensure consistency and inform improvements in the teaching and learning process. The project component of the proposed USESDP 2 will support MoEYS: (i) in the review and update of program delivery through both pre-service and in-service training of NIE's lecturers, upper secondary (US) teachers in 50 SRSs and 81 USNWSs, schools inspectors, and school directors on improved instruction and assessment relative to new Grades 10 to 12 curriculum framework, including ICT in STEM; and (ii) increase knowledge of personnel of the Department of Examination Affairs to design and implement the improved Grade 12 national examination system.

8. The Government has also implemented measures to enhance quality assurance in USSs. We have developed quality standards for infrastructure, teaching and learning resources and personnel for SRSs to guide expansion, strengthening, and resource allocation. The policies and strategic plan on ICT in education was adopted which will guide resource allocation in terms of infrastructure, technical support to schools and teachers, and teacher training. The project activities will support the refurbishing and resupply of SRS science laboratories, ICT classrooms and install new science classrooms and project-based, life skills classrooms, and libraries in all secondary resource schools and upper secondary network schools. Aside from expanding science and ICT education facilities and libraries, the proposed USESDP 2 will also support MoEYS in developing digital content for classroom learning education materials and programs, web-based learning on STEM subjects, and implement US schools-industry partnerships program in SRSs.

9. **Strengthened institutional capacity for planning, management and delivery of education.** To support the realization of the Government's Industrial Development Policy, 2015–2025, and the Cambodia's vision to become an upper middle-income country by 2030 and developed country by 2050, MoEYS adopted the human resource development and management plan in February 2018. The plan highlights the Government's commitment to strengthen human resource management and improve qualifications of teachers, especially those teaching in secondary schools with focus on STEM subjects or subjects in support of industrial development. MoEYS has developed and issued school director standards which will be used to guide hiring, training and performance evaluation of directors. The USESDP 2 will also support the MoEYS in piloting the education staff's professional development database and deployment system with special attention to STEM teachers and gender gaps at USE, especially in secondary resource schools and upper secondary network schools. The program will also build capacity of school directors and administrators on school-based management through in-service training programs.

10. MoEYS is in the stage of in-depth education reform priorities as highlighted in the ESP 2014–2018 and projection to 2020, and this requires consideration of sector-wide approach and enhancing the link between education priorities and plans, education spending and quality outcomes. The result-based and pro-poor budget strategic plan 2018–2020 and the gender mainstreaming strategic plan in education, 2016–2020, are being implemented, with budget and staff resources integrated into relevant MoEYS department's regular budget and staff allocation. The project component of the proposed USESDP 2 will support MoEYS to: (i) develop a tool kit on gender responsive teaching and learning methods, especially for STEM teachers, and promote gender equality in schools through school leadership and management training for school directors and management; and (ii) enhance capacity of school administrators and finance staff of SRSs and its upper secondary network schools on the development and implementation of school improvement plans and increase their knowledge on school-based finance procedures.



11. While there has been a significant increase in the MoEYS budget against the national budget, i.e., from 15.52% in 2013 to 17.8% of national recurrent expenditure, there are still remaining challenges in terms of budget allocation and execution. The total annual expenditure (recurrent and capital expenditures) increased from KHR 1 081 662 million in 2013 to KHR 3 438 008 million in 2018.

12. The policy program under USESDP 2 intends to support the development of quality human resources to develop a knowledge-based society within Cambodia. The Government is committed to advancing equitable quality in all reform areas as part of its sustained efforts to fully promote inclusive education. The Gender Action Plan (GAP) developed for USESDP 2 are fully consistent with Cambodia's Rectangular Strategy for Growth, Employment, Equity, and Efficiency III and MoEYS's Gender Mainstreaming Strategic Plan in Education, 2016–2020. High priority will be placed in implementing the GAP for the program.

13. The Government will use the funds generated by the program loan to primarily support the full implementation of related policy actions towards meeting the two key policy areas of the ESP 2014–2018 and projection to 2020, which include: (i) inclusive and equitable quality education and promote lifelong learning for all; and (ii) effective leadership and management of education staff at all levels.

14. As ADB continues to support the Royal Government of Cambodia in reforming the education system. We would like to express our commitment to our policy and strategic dialogues with you on country partnership development. The Royal Government of Cambodia wishes to reaffirm its commitment in continuing our partnership with the ADB in the sustained development of Cambodia through education and other priority sectors.

Sincerely yours,



H.E. Dr. AUN Pornmoniroth  
Senior Minister  
Minister of Economy and Finance



H.E. Dr. Hang Chuon Naron  
Minister  
Ministry of Education, Youth, and Sport

**POLICY MATRIX**

<b>Policy Area</b>	<b>Policy Actions Accomplished<sup>a</sup></b>
<b>1. Quality of teachers in upper secondary schools improved</b>	
<b>1.1 Enhancing teacher professional development and career development and enhancement</b>	<p>To improve teacher competency and upgrade the status of teachers, The Government operationalized the comprehensive Teacher Policy Action Plan. Accomplishments included:</p> <ol style="list-style-type: none"> <li>1. To further enhance teachers' skills and competencies, MoEYS approved a continuous professional development program for teachers by instituting a regular upgrade of content knowledge, teaching methodologies and strategies.</li> <li>2. Based on the mandate of the Prime Minister, the Government has authorized the establishment of Teacher Education Colleges in Phnom Penh and Battambang province to raise teacher qualifications.</li> <li>3. To attract qualified individuals (including poor and/or indigenous female students) to join the teaching profession, provide opportunities for the professional development of school teachers (especially female staff), and to promote their career progression, the MoEYS approved and launched a phased nationwide implementation of the Teacher Career Pathway policy.,</li> <li>4. To incentivize and provide opportunities for teachers to upgrade their qualifications through the fast track qualifications upgrading program, MoEYS began recognizing prior learning and professional experience using the credit system based on the Cambodian Qualifications Framework.</li> </ol>
<b>2. Quality and labor market relevance of upper secondary education improved</b>	
<b>2.1 Intensifying curriculum and assessment reforms</b>	<p>The Government intensified implementation of a curriculum framework aligned with the skills and competency requirements in the labor market and implemented measures to assess and monitor learning outcomes and identify gaps. These accomplishments included:</p> <ol style="list-style-type: none"> <li>5. MoEYS launched the nationwide implementation of the Curriculum Framework for General and Technical Education, including: (i) the establishment of monitoring structures; (ii) designation of subject specialists to regularly assess quality and the extent of implementation of the curriculum; and (iii) mechanisms for periodic review and adjustment to ensure responsiveness to the skills and competency requirements in the workplace and in higher education.</li> <li>6. To measure the learners' progress in attaining the learning standards and 21st century skills, the MoEYS has established the K to 12 student learning assessment framework, which defines: (i) the target clientele per type of assessment; (ii) purpose of each assessment tool; (iii) test administration procedures; and (iv) utilization of results of each assessment tool administered to the learners to inform improvements in the teaching and learning process.</li> </ol>

Policy Area	Policy Actions Accomplished <sup>a</sup>
<b>2.2 Expanding high-quality upper secondary schools</b>	<p>The Government implemented measures to enhance quality assurance in upper secondary schools. Accomplishments included:</p> <p>7. MoEYS established quality standards for infrastructure, teaching and learning resources, and personnel for Secondary Resource Schools by defining indicators for key inputs and processes which will improve education performance and anchor efforts to plan and finance high-quality secondary school expansion.</p>
<b>2.3 Promoting use of ICT for effective teaching and learning</b>	<p>The Government expanded its commitment to pursue the use of ICT for teaching and learning and improving management. Accomplishments included:</p> <p>8. To integrate digital education strategies into the teaching and learning process, and to inform resource allocation for ICT infrastructure, technical support to schools and teachers, and teacher training, MoEYS approved the Policy and Strategies on ICT in Education.</p>
<b>3. Institutional capacity for planning, management, and delivery of education strengthened</b>	
<b>3.1 Enhancing the link between education priorities and plans, education spending and quality outcomes</b>	<p>The Government provided a policy framework and road map to inform priorities, programs and budget, and implemented measures to ensure efficient and effective spending for education priorities. Accomplishments included:</p> <p>9. To improve the qualifications of secondary education teachers, especially those teaching science, technology, engineering and mathematics, MoEYS has approved the human resource development and management plan for secondary education for IDP 2015–2025, including skills and training requirements. and policies</p> <p>10. To ensure spending for priorities, MoEYS has operationalized a results-based, pro-poor, Budget Strategic Plan 2018–2020 which is aligned with the government's education reforms.</p> <p>11. MoEYS has implemented the Gender Mainstreaming Strategic Plan in Education, 2016–2020, and integrated budget and staff resources into relevant MOEYS departments' regular budget and staff allocations.<sup>b</sup></p>
<b>3.2 Strengthening capacity of school directors to effectively manage and utilize resources to improve school and student outcomes</b>	<p>The Government implemented measures to provide a critical mass of highly qualified school leaders to improve service delivery and achieve targeted outcomes in upper secondary schools. Accomplishment included:</p> <p>12. To ensure the availability of qualified directors across Cambodian schools, MoEYS has approved and adopted the School Director Standards which define the core competencies of effective school leaders and link these to the hiring, deployment, professional development and performance evaluation of school directors.</p>

ICT = information and communications technology; MoEYS = Ministry of Education, Youth and Sport.

<sup>a</sup> Policy actions cover the period from October 2016 to December 2018.

<sup>b</sup> More details on the Gender Mainstreaming Strategic Plan in Education, 2016–2020, and how it links with some other policy actions, are provided in a supplementary linked document.