



Knowledge hub
-
Collection of best practices

Summary of the best practice

1. Title of the best practice (e.g. name of policy, programme, project, etc.) *

European Union budget support: a result-based instrument contributing to education finance transformation in Cambodia

2. Country or countries where the practice is implemented *

Cambodia

3. Please select the **most relevant** Action Track(s) the best practice applies to *

- Action Track 1. Inclusive, equitable, safe, and healthy schools
- Action Track 2. Learning and skills for life, work, and sustainable development
- Action Track 3. Teachers, teaching and the teaching profession
- Action Track 4. Digital learning and transformation
- Action Track 5. Financing of education

4. Implementation lead/partner organization(s) *

European Commission - Directorate General for International Partnerships

5. Key words (5-15 words): Please add key descriptive words around aims, modalities, target groups etc. *

Sector budget support, result-based financing, policy dialogue, Cambodia, European Union, domestic resource mobilization, equitable and pro-poor spending, aid effectiveness

6. What makes it a best practice? *

EU Result-based funding of education maybe considered a best practise because of its contribution to progress towards more adequate education funding in Cambodia, including for teachers' salaries, but also more efficient and equitable spending.

Description of the best practice

7. Introduction (350-400 words)

This section should ideally provide the context of, and justification for, the practice and address the following issues:

- i) Which population was affected?
- ii) What was the problem that needed to be addressed?
- iii) Which approach was taken and what objectives were achieved? *

Between 2000 and 2010, Cambodia experienced a significant expansion of its education system following the abolition of primary school fees in 2001. Primary net enrolment rate grew from 86% in 1998/99 to over 97% in 2010/11 and lower secondary net enrolment rate from 16.5% to 56.6%. Gender parity improved at primary level. Nevertheless, the country recorded low teachers' salaries, high drop-out rates in upper primary grades, a low transition rate from primary to lower secondary, substantial spatial, income-based and gender inequalities at secondary level and insufficient learning outcomes.

The low level of public financial resources allocated to education, together with other factors such as stalled reforms on quality, limited further progress. In 2010/11, public education spending represented only 2% of the country's GDP, the lowest level in Southeast Asia. The share of education in government expenditure had declined from 19.2% in 2007 to 16.4% in 2010. At the same time, MoEYS recorded low budget execution rates (88% in 2010), which undermined its credibility vis-à-vis the Ministry of Economy and Finance (MoEF). This under-resourcing of MoEYS had far-reaching impact and slowed down the consolidation of Cambodia's education system after the damages caused by the Khmer Rouge regime and a civil war.

In this context, the European Union (EU), an important donor to Cambodia's education since the early 1990s, decided to adopt the sector budget support (SBS) aid modality to accompany MoEYS implementation of its strategic plans. SBS is a form of result-based financing that combines three main elements: i) external financing channelled through the country's treasury and public financial management (PFM) systems; ii) policy dialogue on sector reforms and performance, and iii) complementary technical support. In the early 2010s, Cambodia met the eligibility conditions to shift to full use of country system: a credible macro-economic framework, budget transparency, a credible PFM reform program, and credible education sector plans. SBS disbursements are conditional to the continued fulfilment of the eligibility criteria and, in addition, for variable tranches, the fulfilment of result indicators.

Evidence shows that EU SBS programmes between 2011 and 2017 contributed to the following achievements:

- Increased domestic resource mobilization and improved education budget execution
- A deepened dialogue between the Ministry of Education and the Ministry of the Economy and Finance
- More equitable education finance with pro-poor funding mechanisms
- More efficient external spending in education
- More transparent education finance

8. Implementation (350-450 words)

Please describe the implementation modalities or processes, where possible in relation to:

- i) What are the main activities carried out?
- ii) When and where the activities were carried out (including the start date and whether it is ongoing)?
- iii) Who were the key implementation actors and collaborators? (civil society organizations, private sector, foundations, coalitions, networks etc.)?
- iv) What were the resources needed (budget and sources) for the implementation? *

Between 2011 and 2017, the EU committed €113.7 to Cambodia's education sector, inc. €96.6million of budget support, implemented under two programmes in 2011-2013 and 2014-2017. For each programme, the key implementation instrument was a performance assessment framework (PAF), a matrix of result indicators and associated targets, drawn from MoEYS Education Sector Plans (ESPs) and jointly selected by MoEYS and the EU, in coordination with other Development Partners (DPs). The PAFs were a mix of output and outcome indicators, giving priority to strengthening education finances and supporting reforms on access/equity and quality. For instance, the 2011-2013 PAF included the following budget/PFM indicators: "% of annual government recurrent budget allocated to MoEYS", "New School Operating Budget funding formulas" and indicators on the funding of scholarships. The 2014-2017 PAF included an indicator on "MoEYS budget efficiency" (recurrent expenditure execution rate) and "MoEYS capital budget efficiency and predictability".

While MoEYS was the main implementer, government-led sector policy dialogue structures provided forums for joint discussions, analyses and performance review over budget matters and ongoing reforms, including those supported by the EU programmes. Periodic in-year and annual forums allowed for high-level strategic discussions (under the Minister's leadership) and technical-level work. They involved MoEYS officials and representatives of other ministries, including MoEF, of DPs, and the civil society through the NGOs Education Partnership (a coordination platform gathering local and international NGOs) and some selected NGOs. A DPs group provided the space for sharing analyses and coordinating positions in preparation for engagement with MoEYS. Within these forums, the EU and Sweden (SIDA), EU member state involved in Cambodia's education sector, strived to align closely their interventions. Bilateral exchanges occurred between the EU and MoEYS&MoEF for annual assessments of results and general eligibility conditions.

In complement to the SBS funding, the EU made significant contributions (€16 million over 2011-2017) to the Capacity Development Partnership Fund (CDPF), a multi-donor fund, managed by UNICEF, to support MoEYS to develop and implement its own Capacity Development Master Plan. The Plan focuses on planning, monitoring, PFM, and management of education reforms at all levels. The close relation between the EU and SIDA – another CDPF funder – contributed to CDPF harmonised working modalities.

Provincial and district education officers, school directors and school support committees were critical implementers of Education Sector Plans. Their funding and PFM challenges constituted core issues for sector policy dialogue and were reflected in EU PAFs. Also, after an initial phase mostly focused on MoEYS central level departments, CDPF gradually shifted its emphasis towards capacity needs of districts and schools. It partnered with international NGOs (Voluntary Service Overseas and CARE), which had a long-standing presence on the ground, to deliver capacity development in planning and budgeting at sub-national levels.

9. Results – outputs and outcomes (250-350 words)

To the extent possible, please reply to the questions below:

- i) How was the practice identified as transformative? (e.g., impact on policies, impact on management processes, impact on delivery arrangements or education monitoring, impact on teachers, learners and beneficiary communities etc.);
- ii) What were the concrete results achieved with regard to outputs and outcomes?
- iii) Has an assessment of the practice been carried out? If yes, what were the results? *

The sustained policy dialogue around education financing in Cambodia between 2011 and 2017 contributed to significant transformations. The country experienced a considerable increase in domestic resources allocated to education. Between 2012 and 2017, the share of education increased from 13.6% to 18.3% of government expenditure and from 1.68% to 2.68% of GDP.

This budgetary expansion was chiefly driven by the growth in the wage bill. The minimum basic salary for teachers increased from US\$55 (without allowances) in 2011 for pre-school and primary teachers to US\$197 (without allowances) in 2016. While the public services' wage bill grew across sectors, all teachers started receiving an additional allowance of approximately US\$25 per month compared to other civil servants. An increase in capital expenditure also drove the budgetary expansion. In addition, education spending became more pro-poor. For instance, the value of scholarships at secondary level increased and a scholarship scheme was introduced at primary level. The formula to transfer funds to schools was revised to ensure equitable allocations. Funds were allocated to implement multilingual education in regions with ethno-linguistic minority groups and to expand early childhood education.

Education spending became more efficient. The execution rate improved from 88% in 2010/11 to 95% in 2016/17. Funds reached schools with minimum leakages, even though with delay. The transfer of salaries for MoEYS staff/teachers and school operating fund (SOF) to schools through the banking system increased transparency and efficiency: teachers now received their full salary on time. Significant PFM improvements were also made across MoEYS. A deepened dialogue between MoEYS and MOEF underpinned these transformations. The two ministers and their services held more strategic discussions on education budget allocation and spending.

External evaluations of EU programmes and CDPF (see "Further Reading" for references) underlined the strong political will behind these transformations. Nevertheless, they also document positive contributions of EU programmes, through SBS funds that provided MoEF with fiscal space to finance prioritised sector reforms and through a focused policy dialogue anchored in the PAFs, informed by EU staff technical work, and CDPF interventions. For instance, MoEYS budget allocation and execution rate were subject to EU 2011-2013 PAF indicators and EU analyses were instrumental to catalyse a growing focus of policy dialogue on issues pertaining to low budget allocation and execution rate. The EU also contributed to the incorporation into MoEYS budget of key equity initiatives that were initially piloted within externally-funded projects (i.e., school funding formula: FTI/GPE and SIDA, multilingual education: UNICEF, scholarship: GPE/FTI, early childhood education: FTI/GPE) and subject to EU PAF indicators and technical analysis. EU SBS also contributed to greater aid effectiveness in education (more aligned with government policies, more harmonised, and increasingly subject to government PFM systems). Finally, EU SBS encouraged a closer involvement of MoEF within education sector dialogue.

The EU programmes set out to contribute not only to education finances, but to a number of education reforms (e.g. aimed at equity, as referenced above, and teacher reforms) and to educational outcomes (e.g. increased in completion rates at primary and lower secondary level and decrease in drop-out rate at lower secondary level). Unsurprisingly, not all targets were met, as some reforms or outcomes proved to be more difficult to achieve within the timeframe and some targets to be too ambitious. For an assessment of these contributions, please see the external evaluation referenced under Further Reading section.

10. Lessons learnt (300 words)

To the extent possible, please reply to the following questions:

- i) What were the key triggers for transformation?
- ii) What worked really well – what facilitated this?
- iii) What did not work – why did it not work? *

Macro-economic stability, political leadership and increased revenues provided a conducive environment for these transformations. Throughout the period, sector policy dialogue worked well. In 2010-2013, DPs played an engine role, leading joint technical work on education finances and forming with MoEYS an increasingly cohesive and technically equipped coalition to advocate with MoEF. From 2013 onwards, a new Minister of Education, a former MoEF senior official was appointed following the 2013 general elections. H.E Dr. Hang Chuon Naron successfully drove an ambitious package of reforms, building on the preparatory work of the initial phase, which also contributed to MoEF readiness to support MoEYS.

Sector policy dialogue benefitted from MoEYS senior officials' sustained involvement, the Minister's strong leadership, especially after 2013, and MoEF participation. This was compounded by an effective donor coordination. While decision making over reforms and education budget allocation remained with MoEYS and MoEF, joint dialogue and technical analyses contributed to the joint recognition of challenges and actions to address them: for instance, the Anukret (sub-decree) that set outdated ceilings for school operating budgets and undermined the potential equalizing power of education budgets.

CDPF was also instrumental to the strengthening of budget and PFM in education. It secured funding for MoEYS prioritised capacity development needs and prevented fragmented interventions. Its effectiveness largely depended on the existence of MoEYS Capacity Development Master Plan, well-articulated with ESPs, and on its close links with sector policy dialogue.

The EU SBS proved to be a flexible instrument. MoEYS had ownership of indicators and targets through a joint identification based on ESPs priorities. PAFs targets were clear and no material disputes arose over their meaning. EU capacity development support through CDPF contributed to strengthened staff capacities in financial, planning and reform management. In the first phase, the EU SBS and its PAFs played a catalytic role in coalescing a policy dialogue around education finance, in the second they supported a favourable government configuration. The Minister of Education used the SBS and its PAF as leveraging tools to push through reforms within his ministry and negotiate with MoEF.

Nevertheless, some aspects worked less well. In particular, school-based funding remained insufficient to meet all school financial needs and more could have been achieved in strengthening capacities of lower administrative officials. In view of the scope and complexity of the reforms, insufficient human and operational resources and the low availability of technical skills remained significant factors hampering reforms.

11. Conclusions (250 words)

Please describe why may this intervention be considered a “best practice”. What recommendations can be made for those intending to adopt the documented “best practice” or how can it help people working on the same issue(s)? *

EU result-based funding in Cambodia qualifies as “best practice” for several reasons. The EU programmes contributed to progress towards more adequate education funding, including for teachers’ salaries, but also more efficient and equitable spending. They supported systematic PFM transformations at central, provincial, district and school levels. They contributed to a deepened dialogue between the Minister of Education and the Minister of Economy and Finance and to institutionalise policy dialogue, based on MoEYS strong leadership, mutual accountability and civil society inclusion, as the central mechanism for DPs’ engagement on education finances. They played a catalytic role in making education finances a public matter. This greater transparency contributed to strengthened accountability throughout the system, including in schools where parents were supported to exercise oversight over school finances. The EU use of country systems also signalled that government systems were credible, creating potential for scaling up aid through the Treasury. EU programmes supported the institutionalisation of equity interventions into MoEYS budget, contributing to their sustainability and scaling-up. Finally, result-based funding using national systems is replicable in countries with conducive PFM and governance environments, education sector plans and a functional government-led sector policy dialogue.

Organizations considering result-based funding for education finance transformation are recommended to:

- Expand the collective knowledge on education finance
- Rely on a carefully calibrated mix of funding, policy dialogue and capacity development
- Align result-based funding mechanisms with country PFM and monitoring systems
- Jointly set indicators and targets with flexibility and realism, aligned with education sector plans.

12. Further reading

Please provide a list and URLs of key reference documents for additional information on the “best practice” for those who may be interested in knowing how the results benefited the beneficiary group/s. *

Provide a list of references and source documents that give additional information on the “best practice” for those who may be interested in knowing how the results benefited the population.

- Independent evaluation report on EU’s budget support programmes to Cambodia
https://ec.europa.eu/international-partnerships/evaluation-eu-budget-support-cambodia-2011-2016_en
- Independent evaluation of the education Capacity Development Partnership Fund:
<https://www.unicef.org/cambodia/reports/outcome-evaluation-education-capacity-development-partnership-fund-cdpf>
- On EU budget support to strengthen education systems: <https://europa.eu/capacity4dev/t-and-m-series/discussions/reference-document-ndeg-27-strengthening-education-systems-provide-learning-all>