



Independent Evaluation of EU Budget Support in Cambodia (2011 - 2016)

Final Evaluation Report – Executive Summary

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Independent Evaluation of EU Budget Support in Cambodia (2011 – 2016)

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List of Acronyms

DAC	Development Assistance Committee of the OECD
ESPSP	Education Sector Policy Support Programme
ESRP	Education Sector Reform Partnership
EU	European Union
EUR	Euro
MoEYS	Ministry of Education, Youth and Sport
OECD	Organisation for Economic Cooperation and Development
PFM	Public Financial Management
UNICEF	United Nations Children's Fund

Executive Summary

This is the report of an independent evaluation of the European Union (EU) budget support operations in Cambodia between 2011 and 2016. The evaluation provides evidence on the contribution of two budget support operations (the Education Sector Policy Support Programme 2011-2013 (ESPSP) and the Education Sector Reform Partnership 2014-2016/17 (ESRP)) to the achievement of the education sector goals of the Royal Government of Cambodia.

The evaluation applies the OECD-DAC methodological approach to the evaluation of budget support. Data was collected during an inception mission in March 2017 and a main field mission in October 2017.

1. The Cambodia context

The two EU budget support programmes were implemented in a context in which fast economic growth over many years had helped reduce extreme poverty and in which almost two decades of government stability had restored basic service delivery. Even so, social challenges remain in Cambodia, including high spatial disparities with most people living in under-serviced rural areas.

The Cambodia education system expanded rapidly between 2000 and 2010. The abolition of school fees in 2001 helped to raise primary net enrolment from 86% in 1999 to over 95% by 2011, but secondary enrolment remained low at 62.65% in 2012. Though there has been considerable progress, there is still scope for efficiency improvements. It is estimated that only about 10% of children who enrol in primary school complete grade 12, and there are still disparities between regions, income groups and by gender in the supply of school opportunities and in results achieved. Quality outcomes are also poor: the public education system does not provide the skills and capabilities sought by a rapidly growing economy.

The EU budget support programmes supported two consecutive Education Strategic Plans of the Ministry of Education, Youth and Sport (MoEYS). The Ministry had set three strategic priorities in the plans: equitable access to education, quality and efficiency, and institutional capacity development. A new Minister of Education was appointed in 2013, who highlighted eight reform priorities, including measures to further expand early childhood education, teacher and human resource management reforms, examinations reform, and educational research.

The EU has been a lead donor in the education sector since 2000. Its support to the sector comprises about a third of its country programme, which was increased significantly between the 2011-2013 and the 2014-2020 Multi-Annual Indicative Programmes. During the evaluation period the EU was the only provider of budget support grants to Cambodia. In education it has provided programme-based support and budget support since 2003.

2. The budget support programmes

The EU committed EUR113.7 million to the education sector for disbursement between 2011 and 2017, of which EUR96.6 million was budget support. Over the period the commitment increased significantly. The first programme, the Education Sector Policy Support Programme (ESPSP), committed EUR30.8 million. The second programme, the Education Sector Reform Partnership (ESRP), initially committed EUR43.1 million for disbursement by 2016. In 2014 the budget for the second programme was expanded to EUR83 million, in line with budget growth for EU development assistance to Cambodia in the new Multi-Annual Indicative Programme. The duration of the programme was extended to 2017.

Both programmes included commitments for capacity development support. This was not managed directly by the EU Delegation as previously, but disbursed to the Capacity Development Partnership Fund. This pooled fund is managed by UNICEF and provides capacity development support for implementation of the education ministry's Capacity Development Master Plan.

The programmes aimed to support the Education Strategic Plan policies and strategies. Within this broader sector framework, the performance assessment framework of the first programme was oriented

to support sector governance reforms, particularly in school-based management, results-based planning, personnel management and public financial management. The second programme shifted its indicator focus to substantive educational issues. It included more indicators than the first programme, targeting sector outcomes such as enrolment, drop-out and completion rates. Many of the remaining indicators and targets were aimed at improvements in providing equitable access to education by gender and across disadvantaged groups, such as ethnic minorities.

3. Evaluation findings and conclusions

The evaluation has found that the EU budget support programmes were relevant and appropriate in the Cambodian context and with regard to EU objectives. The review found evidence that the programmes were effective in influencing the achievement of reforms targeted in the Education Strategic Plans, and that these reforms contributed to improving education outcomes. Though the inputs of the two programmes contributed to the implementation of the intended reforms, progress was not as rapid as contemplated in the ministry's Plans, in part because of the complexity of pivotal reforms, sector capacity constraints and insufficient scaling of some interventions. However, without the budget support programmes, progress would have been slower. Non-school factors, such as home circumstances and students' attitudes, also contributed to lower results than targeted for some access and quality goals in primary and lower secondary education.

Specific findings and conclusions are set out below.

Relevance of the EU budget support programmes

Budget support as a modality was both relevant and appropriate as it provided opportunities for on-budget financing of important sector initiatives in the context of a declining budget share at the time, it contributed to more effective aid delivery and partnership, and it improved accountability and governance in the education sector. The long-standing and strong sector-wide partnership based on the Education Strategic Plan, on country progress in PFM and on Cambodia's stable macro-economic framework was also in line with the EU eligibility criteria for the approval and disbursement of budget support programmes. The inclusion of a transparency-linked general condition in the Education Sector Reform Partnership complied further with EU eligibility criteria and also contributed to supporting Cambodian public sector accountability. The EU's choice to support the Capacity Development Partnership Fund was relevant and strategic as it supported a government-led capacity development plan.

The evaluation found that the input mix of the second programme (the ESRP) was not fully optimal in the context of Cambodia. The EU support for the Capacity Development Partnership Fund in this programme could have been higher, given the significant sector capacity constraints. However, the scaling up of overall programme resources and of the share of the variable tranche within the total resource envelope was appropriate and relevant to the programme's objectives.

While the limited choice of variable tranche indicators in the Education Sector Policy Support Programme was appropriate, a more carefully selected set of indicators could have improved the relevance of the Education Sector Reform Partnership, the second programme. The shift to education policy and delivery indicators was helpful and strategic, and several of the indicators and targets in the second programme supported the EU's gender and ethnic minority equity objectives. However, a sharper focus on education quality was required in the circumstances of Cambodia's education development challenges. The indicators in the second programme were also too thinly spread across issues and reform areas. Even where targets were achieved, they did not always reflect broader progress in key reforms. While greater use of outcome indicators in this programme was in line with the EU's budget support guidelines, many specific targets were not met and, in addition, it was often difficult for the Ministry of Education, Youth and Sport to relate specific actions to the achievement of these targets. As a consequence, the effectiveness of indicators and targets in aligning sector incentives to underlying reform objectives was compromised.

The delivery of budget support inputs and direct outputs

Budget support funds: scale, predictability and significance

By December 2016, 51.5% of the total commitment up to that point had been disbursed. A subsequent payment during 2017 brought the total to over 80%.

Budget support financial flows were unpredictable. The timeline for the annual assessments did not allow enough time for queries. Thus, from 2013, disbursements were not known prior to the start of the fiscal year. Delays were also caused by assessments in the second programme involving both the education and finance ministries. However, the evaluation found that low predictability did not affect the impact of budget support, as a high share of resources was eventually disbursed.

Budget support represented a significant discretionary resource for government. While the EU budget support was small relative to government resources, it was a significant share of external grant support to the government overall and to the education ministry specifically. Budget support disbursements declined as a share of non-earmarked, non-wage expenditure overall, as government increased this expenditure over and above the budget support received. This supports the argument that budget support was complementary to own resources. The EU was the only provider of budget support grants.

More harmonised aid and effective policy dialogue

Sector dialogue is effective. The evaluation found that sector dialogue was already active, mature and in-depth at the start of the evaluation period. Between 2011 and 2016, dialogue continued to occur through an effective mix of annual and in-year forums. Across these forums policy dialogue was stratified so that high-level strategic/decision-oriented discussions could take place, along with detailed technical work. Coordination of donor *and* government inputs through dialogue was continuous. Overall structures at provincial level were weaker than at the centre, however. While leadership by the education ministry is the main factor in ensuring harmonised and effective dialogue, the EU support, because of its size and nature, helped to crowd in donor and government partners. The quality of the EU's technical dialogue inputs also contributed to reform progress.

Budget support contributed to aid being delivered in more effective ways during the period than before, by signalling that country systems can be used and by anchoring the sector partnership and dialogue.

Aligned and responsive capacity development support

The EU is the anchoring partner in the Capacity Development Partnership Fund, which was instrumental in aligning capacity development support. The fund provides capacity development support against the Capacity Development Master Plan, which was developed to direct the Fund's resources initially, but evolved over the period to become more aligned to education sector priorities and was instrumental in harmonising capacity development support from all donors. Therefore, while no further donors joined the fund, its creation was important in aligning all capacity development inputs. The fund is managed so that it is responsive to the needs of the education ministry.

Progress in government education reforms

Growth in sector budget shares

During the evaluation period, the previous decline in the education ministry's funding as a share of the government budget was reversed, but ministry non-wage expenditure did not grow in real terms. Budget growth was associated mainly with growth in personnel expenditure, in turn due to government-wide wage increases, which were much needed in the education sector. As a result, ministry non-wage expenditure declined from a 26% share of budget in 2012 to 19% in 2016. In real terms expenditure on goods and services remained flat. This matters for sector outcomes, as the necessary expenditure on complementary inputs was underfunded. The Ministry of Economy and Finance, however, did agree to fund specific education interventions – such as scholarships to poor students and multi-lingual education

– and to increase the school operating budgets, thereby preventing a greater decline in the non-wage share.

Progress on sector planning, budgeting and financial management for results

The MoEYS made progress in sector planning, budget, financial management and results-based management reforms. There was steady improvement in the principal instruments for integrated results-based planning and budgeting. The Annual Operational Plans were rolled out to all provinces and to some districts, and the education ministry improved their coverage and structure. The plans are used to link the Education Strategic Plan priorities and Annual Education Sector Congress decisions to the annual budget submissions to the finance ministry, to coordinate government and donor resources, and to monitor results. The finance ministry's programme-based budget reform was implemented in education, providing greater opportunities to link policies and plans to budgets. While this initially affected budget execution, by 2016 new procedures were better understood and execution was improving again. The sector also took a major step forward to reduce leakage and increase internal transparency by introducing bank accounts to transfer salaries and school operating budgets. Sector information systems to support planning and results-based management were improved. Little progress was made, however, in establishing effective, risk-based internal audit systems.

Unequal abilities at different administrative levels

Despite this progress, the variable and often weak technical skills for planning, budgeting, monitoring and review at central, provincial, district and school levels raise concerns about whether targeted reforms will contribute satisfactorily to improved education outcomes. While new procedures have been rolled out in all provinces, not all provinces were able to make full use of the new approaches and instruments. This ability is critical to ensure that these planning, budgeting and monitoring instruments translate into effective education service delivery. The district level in particular appears to be under-capacitated. Existing capacity development programmes have made positive contributions, but coverage was partial, and it was not clear that the programmes were financed adequately or took the right approaches.

Progress made on education reforms, but slow for some reforms

The education ministry also moved forward on several key education reforms, although some reforms have progressed more slowly than expected. For example:

- Teacher reforms have been complex and slow. Staffing norms are in place but not yet implemented. Teacher qualifications and broader quality measures are now being addressed through a comprehensive and strategic Teacher Policy Action Plan. Teacher salaries are reported to be making a difference to teacher motivation and effort in rural areas.
- In school-level funding and management, school operating budgets have increased, and were released to schools as allocated, but often late. The formula has been improved to be more pro-poor, but overall levels are still considered too low. School management capacity improved including in schools, but there is agreement that this remains a bottleneck in delivering change.
- In relation to equitable access, the expansion of early childhood education since 2010/11 was an important achievement. The scholarship programme and the expansion of school water and sanitation infrastructure are now partly financed by government. Progress on non-formal education re-entry programmes, however, has been slower.
- Sector reforms to improve quality that had taken many years to establish were progressing by 2016. Examples include the national assessment tests – now undertaken regularly – and multi-lingual education for which a policy and action plan have been adopted. A lead reform in the period was the reform of the Grade 12 examinations, which served to send a signal on the government's intent to address quality in education.

Budget support as a contributing factor in education sector reform progress

EU budget support influenced the achievement of education sector reforms as targeted in the Education Strategic Plans through: (1) facilitating additional government resource allocations for specific education interventions (by providing additional discretionary resources to the finance ministry); (2) linking conditional tranche indicators to target reforms; (3) financing harmonised capacity development and technical support for reforms via the Capacity Development Partnership Fund; and (4) maintaining a strong sector partnership which offered a platform for effective, harmonised sector dialogue and more harmonised donor financial flows and technical support. In most of the cases examined, three to four of these ‘pathways’ of influence were relevant to progress being made. In many cases, however, one pathway or another dominated.

Budget support thus helped progress on reforms, but mostly only when reforms were also government priorities. Progress on many education reforms only occurred or accelerated after 2013, when the new minister was appointed, and education became an explicit government priority. Both factors were pivotal to progress. For example, while budget support funds facilitated the on-budget financing of specific, demarcated education policy and delivery interventions, these reforms also needed to be high government priorities. Budget support funds on their own were not sufficient, even when the EU indicators were in place. Similarly, the Capacity Development Partnership Fund was pivotal in moving governance reforms forward, but only if these were also driven by the government.

Evidence of effectiveness from existing pilots helped to secure government financing for the roll-out of interventions. Most of the specific interventions financed had previously been piloted with support from other donors.

However, that reforms are priority for the government is not a guarantee that progress will be fast or steady. Some reforms did not progress much, despite explicitly being high education ministry priorities.

Almost all the ‘stuck’ or slow reforms were either complex, multi-stakeholder reforms or had massive capacity development requirements. In the former group are the teacher supply and management reforms, and in the latter, budget execution progress and school-based management reforms.

Education outcomes and their determinants

Changes in education outcomes were variable and fluctuated over the period

At the results level, changes in education outcomes by the end of the evaluation period were variable, and had fluctuated over the period. Some results (such as improved completion rates) could not necessarily be expected to have occurred within the evaluation period even with successful reforms because such changes normally show up only after a longer time lapse following the introduction of reforms. Other results could be expected to be visible already, as they relate more closely to improvements in policies and delivery during the evaluation period. Some of these lead results (such as enrolment in lower secondary schools) remained stubbornly low, and others (such as repetition rates) deteriorated during some periods. There were, however, also some encouraging improvements: early childhood education enrolment improved significantly, and drop-out rates declined in both primary and secondary. Analysis of the standardised assessment tests showed improvement in learning outcomes, though this was limited and unequal across gender and locations. Whereas being female was a disadvantage in terms of access to primary and lower secondary education and in attainment fifteen years ago, by the end of the evaluation period this disadvantage had switched to males. Rural versus urban location remained a disadvantage, but less so by the end of the period.

School factors important in explaining differences between districts’ performance

Our quantitative and qualitative analysis has shown that non-school factors contribute to education outcomes, especially household socioeconomic circumstances, rural / urban location and learner characteristics such as gender and attitude.

However, school factors are also important in explaining differences in outcomes between learners and districts. These include school environment factors such as distance to and size of the school and the availability of water and sanitation facilities. Also, and importantly, teacher qualifications, school leadership, access to early childhood education, correct-age entry and classroom behaviour of teachers matter.

Influence of budget support on education outcomes and impacts

There are many examples of budget support influencing improvement in education outcomes, but the links from budget support to sector outcomes were moderate to weak. Our analysis revealed many positive chains of influence. For example, budget support inputs can be linked to the institutionalisation of scholarships, which assisted thousands of learners to stay in school; and sector governance reforms, also linked to budget support, are improving the machinery through which further educational progress can be made. In most cases where the evaluation could establish a result chain of influence, however, the links between budget support and reform success or between reform success and education outcomes were only moderate to weak. The observed changes are likely to have been influenced by a complex array of factors and might have occurred in the absence of budget support contributions, albeit in a different way.

Budget support helped maintain reforms with high potential to improve education outcomes

Progress on reforms that have a potential for strong contributions to outcomes was still disappointing by the end of 2016, and could not yet have contributed substantively to results. Even where implementation was under way, progress was often made only after 2013. While expected results at the induced outputs level were therefore not in place or not in place early enough to generate results by the end of the assessment period, this does not mean that budget support had no influence or that it had failed.

The two reforms that could have been expected to have had the most significant influence on results, given the contribution of school-based performance factors to learning outcomes, were the one ***focused on school funding and management*** (i.e. ensuring that school directors are sufficiently skilled and that schools themselves have resources and capacity to enrol and retain children, to help them progress through the system and to ensure they learn) and the one ***focused on teachers*** (ensuring that all schools have the teachers they need, with the required qualifications, capacity and support). The evaluation has found evidence of progress in both reforms, but also that it has taken longer than expected to implement these reforms and to make them effective. However, progress would have been even slower in the absence of the technical and training inputs of the Capacity Development Partnership Fund, and in the absence of the contribution of budget support indicators and sector dialogue in helping keep reform issues alive and encouraging progress. It is not clear that other support modalities would have had better results given the systemic nature of the reforms that the budget support programmes targeted. Even if better results might have been achieved in the short term, sustainability would be uncertain in the absence of ongoing support.

Furthermore, given that these reforms address pivotal school factors in improved access and learning, budget support influence in these areas may yet contribute in future to stronger education results.

4. Recommendations

The following recommendations (Rs) are made to the Ministry of Education, Youth and Sport and to the EU in their on-going partnership and for future support to the education sector. The recommendations here are kept to a limited and targeted list. The complete list of recommendations is provided in Chapter 9 of the full report.

Recommendations on the design of future budget support programmes

R1. Commit more resources to capacity development

The EU should adjust the input mix of future budget support programmes to commit more resources explicitly to capacity development. Addressing capacity constraints is critical to establishing the necessary conditions for government to adopt, fund and effectively deliver reforms. This will require committing more resources to capacity development, relative to the budget support financial flows. Capacity development should be broadly defined, and more innovation may be needed. Direct or more explicit complementarity of EU-funded capacity development with other donor funded projects should be considered as part of programme design.

R2. Select outcome indicators and targets with caution, and look at intermediate outcomes as targets

The EU should use outcomes with caution to set targets, particularly when they are lagged indicators that will only show change over a long period of time, or when these outcomes are dependent on many variables, some of which are outside the control of the education ministry. Lead indicators, such as drop out and repetition, can provide a focus for dialogue, but over the whole timeframe of the programme. Even then, target-setting should take into account that not all factors are under ministry control. Targets should not seek year-on-year improvements, but should focus on end-of-programme goals that take into account uneven patterns of development. More focus should be given to intermediate outcomes; that is, indicators or targets that demonstrate a change in behaviour or practice which it is expected will lead to the outcomes (e.g. demonstrated change in school management, in standards, and in qualifications of teachers). Where result-type targets have proved over-ambitious, the EU could consider setting targets such as minimum levels of progress, based on a realistic assessment of achievable trends, so that targets can still fulfil their functions of incentivising sector reforms.

Recommendations on the sector partnership and dialogue

R6. Develop more functional sub-national partnership structures

The partnership and dialogue structures and processes at the national level are comprehensive and functioning well. While dialogue forums are in place in principle at sub-national level, they are not always functional to support strong planning, partnership and coordination of inputs, and effective joint monitoring. As most of government resources are planned and spent at sub-national level, it is critical to ensure that the alignment of government and donor resources occurs at this level.

Recommendations and priority reform areas for future budget support programmes

Education policy and delivery priorities

R7. Focus more on learning outcomes

In agreeing objectives for future programmes and setting the associated performance assessment frameworks, the education ministry and the EU should focus more on learning as an outcome. Improving the quality of teaching and learning is a pervasive and persistent sector challenge. The next two recommendations offer suggestions on ways to sharpen the focus on learning outcomes in future programmes.

R7.1 Continue the focus on teacher reforms, by supporting the Teacher Policy Action Plan implementation

Changes in teacher quality and classroom practice will require a comprehensive approach to reform. The Plan, which was put in place during the second programme and was to some extent supported by the programme, represents a critical and strategic approach that should be given priority in future programme support.

R7.2 Support the use of learning assessment data for system reform and management

This builds on the current support to institutionalising assessment tests. In future programmes, the EU should consider supporting the education ministry's use of learning assessment data for system reform and for system management at provincial, district and school levels. This would require significant investment in capacity building.

Sector governance priorities

R8. EU support (and donor support overall) needs a stronger school and district focus for delivering reform

The Capacity Development Partnership Fund and other donor support provides lessons for decentralised support on which to build. It is likely that a more comprehensive and potentially radical approach is needed to accelerate change, to strengthen the capacity and role of school directors, the community / school support committee engagement beyond fund-raising, and the district ability to monitor and support schools to deliver.

R9. Support learning on alternative approaches to capacity development and institutional change, and support government to implement effective approaches

The EU should work with education and other ministries to develop effective approaches to institutional development and change that go beyond training, for example, by identifying early adopters and champions, analysing and understanding institutional resistance, and disseminating what works.

Aside from these specific recommendations, the evaluation has raised a broad range of issues which might be considered by the government, the EU and other development partners. In terms of policy issues, this includes: (1) the continued importance of early childhood education in driving quality and access improvements in primary and secondary levels; (2) the fundamental challenge of ensuring that teachers spend time in the classroom teaching; and (3) an emerging possible shift within government to address quality challenges through a twin track approach including a higher investment model applied to a limited proportion of schools / students combined with on-going cross-system interventions that apply to all schools and students. These and other policy issues need to be considered in on-going / future support and dialogue.

