KINGDOM OF CAMBODIA
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EDUCATION BUDGET BRIEF 2022

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Abbreviations

ECE	Early Childhood Education
ESP	Education Strategic Plan
GER	Gross Enrolment Rate
MEF	Ministry of Economy and Finance
MoEYS	Ministry of Education, Youth and Sport
NER	Net Enrolment Rate
PB	Programme Budgeting
PISA	Programme for International Student Assessment
PISA-D	PISA for Development
RGC	Royal Government of Cambodia
SOB	School Operational Budget
SOF	School Operational Fund

Executive summary

The Royal Government of Cambodia (RGC) has projected a strong commitment to offering high-quality education services to all Cambodian citizens. Since bold reform in 2014, notable progress has been made, along with rapid increases in funding. The appropriation to the Ministry of Education, Youth and Sport (MoEYS) increased from 2.47 per cent of GDP in 2015 to 3.38 per cent in 2020. It began to lose traction in 2021 and 2022, however, dropping to 2.87 per cent and 2.62 per cent of GDP, respectively. In absolute figures, funding dropped from KHR 3,738 billion in 2020 to KHR 3,302 billion in 2021, and to KHR 3,248 billion in 2022 – caused by the intensified impact of pandemic. However, if the country is to achieve the Sustainable Development Goal for education (SDG 4), a benchmark public education expenditure of 4 per cent of GDP should be the aim.

Even though budget allocations saw rapid increases over the years, the sector remains underfunded and recent disruptions by COVID-19 make this more challenging. While social demand for quality education increases, the budget available for MoEYS is declining, and development partners (DPs) are providing less aid to the education sector. Capital investment projects have been put on hold while recurrent spending saw a mere growth of 0.5 per cent in 2022. Among the five education programs, four witnessed decline in budget allocations. This contraction has brought the share of MoEYS's budget down to 11.24 per cent of total national budget, falling from 17.5 per cent in 2018. From 2015 up to 2020, budget allocations to MoEYS as a portion of total national budget grew at a rate of 16.14 per cent per year.

In terms of budget executions and the Decentralization and Deconcentration (D&D) reform, MoEYS has maintained firm progress on both fronts. Delayed budget execution is no longer sited as a key challenge, as in aggregate, budget execution has been achieved within a 5 per cent variance. COVID-19 disruptions have decelerated budget execution rate a bit, however, downgrading the overall implementation from 101 per cent in 2019 to 95 per cent in 2020. At the same time, the wage disbursement rate fell to 98 per cent in 2020, from 101 per cent in the previous year. The hardest-hit spending was the non-wage expenditure, of which only 81 per cent of the budget was disbursed in 2020, with the lowest rates observed in the execution of Chapters 61 and 62. In 2021 only 95 per cent of the planned budget was implemented – the same rate as previous years – with the provincial level achieving a 97-per-cent execution rate, while the central level managed to implement only 74 per cent of the total budget. In terms of the D&D reform, in 2019 MoEYS transferred functions to the district and municipality level in Battambang province, including the transfer of pre-school, non-formal education, and primary education to 14 districts and municipalities.

MoEYS's budget is distributed proportionately based on school size and number of students. Budgets allocated to the provincial level under MoEYS amount to about USD 658.1 million in 2022, representing 1.4 per cent growth from previous year. By provinces/capital, Phnom Penh tops the list in absorbing the largest budget, followed by the provinces of Kandal, Siem Reap, Prey Veng, Takeo and Kampong Cham. On the other hand, less-inhabited provinces such as Kep, Pailin and Mundulkiri see smaller allocated budgets. Plotted against the number of enrolments across provinces, the spending allocations are in line with the

number of students per province, except in the case of Battambang, which sees a relatively low budget given the recent delegation of three education functions from central to subnational level.

Disability is often overlooked as a source of inequity in the education system in Cambodia. There are no reliable data on the number of disabled students in schools. The National Strategic Development Plan 2018–2023 reported that there was no accurate information on orphans, vulnerable children and disabled children in Cambodia. Based on the National Strategic Plan, however, it was estimated that 14 per cent of all children have a disability. Along with the objective of ensuring inclusive access to education – especially to underprivileged households – the government has been providing scholarships to students from poor families in all levels of education. Over the last five years, the scholarship budget grew more than 30 per cent. Per MoEYS's plan, scholarship beneficiaries are set to reach 253,900 in 2022, rising from 200,000 in 2018.

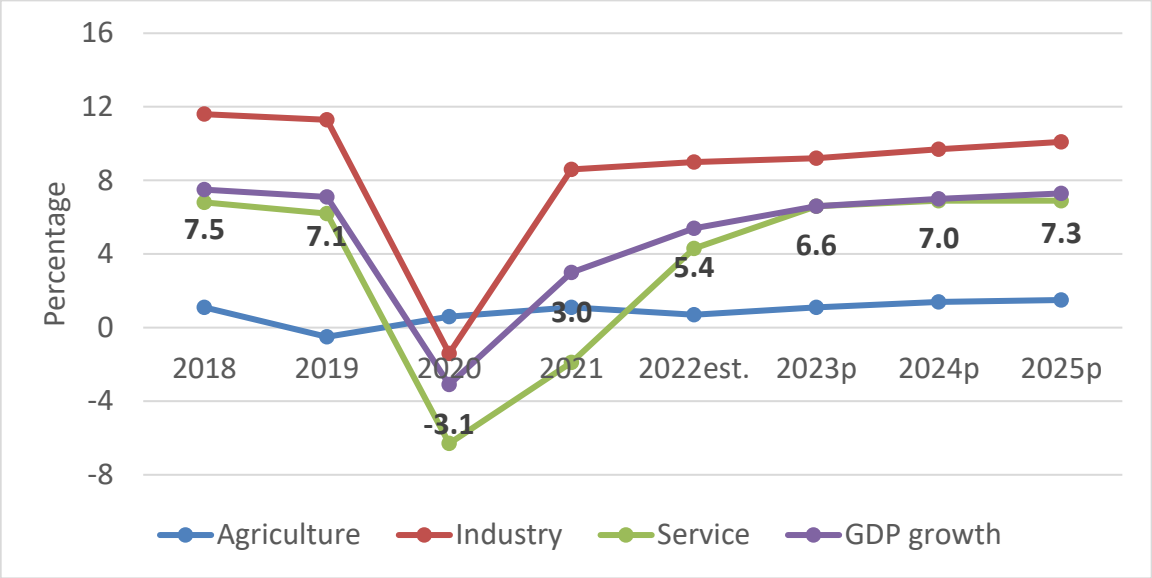
The RGC and its DPs collaborate closely, in line with their commitments for the development of education in the country. The continuous support from DPs has strengthened the capacity of local institutions and in turn improved autonomy and expertise. Despite the increased budget from the government's coffers, the DPs' financing remains key to sector development. In the last five years, the DPs' budget has gradually increased from KHR 176.5 billion in 2018 to KHR 243.7 billion in 2021 before falling back to KHR 137.7 billion in 2022. As a portion of the MoEYS total budget, funds from DPs accounted for 29 per cent in 2022, declining from 40 per cent in the previous year.

I. Macroeconomic and fiscal outlook

1.1. Macroeconomic outlook

The rapid spread of COVID-19 in Cambodia during 2021 has set the economy back again, after external demand collapsed in 2020. The authorities responded to the crisis with measures to support households and companies, including increased spending in healthcare; a system of cash transfers to vulnerable households; loans and guarantees; tax breaks; and subsidies and retraining schemes. Despite these measures, GDP contracted by -3.1 per cent in 2020. The growth rate in 2021 is estimated to be 3 per cent and projected to gradually to recover to the pre-crisis level of around 5.4 per cent and 6.6 per cent in 2022 and 2023, respectively.

Figure 1: GDP growth by sector (2018–2025)



Source: MEF (2022)

Governments typically use fiscal policy to promote strong and sustainable growth and reduce poverty. The country consistently achieved the objective of sustained economic growth in the period 2015–2019, with average annual growth of 7.1 per cent. In 2020, the country was faced with its first economic recession due to the impact of the global COVID-19 pandemic. During the same period of 2015–2019, fiscal policy was remarkably effective and sustainable, reaching or exceeding not only its revenue and expenditure objectives, but also its deficit and debt sustainability objectives. The domestic revenue surged from 18 per cent of GDP in 2015 to 25 per cent in 2019.

Overall, the outlook for Cambodia's economy is optimistic, with the growth rate estimated to reach almost 6 per cent in 2022 and projected to recover to pre-COVID-19 levels by 2024. In the medium term, Cambodia is committed to prioritizing public investment to complement ongoing structural reforms, enhance the business environment and competitiveness to promote economic diversification, foster a more sustainable inclusive growth and support external stability.

1.2. Fiscal outlook

The government's spending and financing intentions appropriately balanced the need for support during the COVID-19 pandemic with long-term sustainability. In 2020, faced with economic recession, the authorities launched a fiscal stimulus, with a mix of tax breaks to support businesses and social programmes to support the vulnerable population, resulting in lower domestic revenue (21.2 per cent of GDP) and higher expenditure (25.5 per cent of GDP). Yet, the fiscal deficit was contained at 1.7 per cent of GDP. Public debt increased from 28 per cent of GDP to 33 per cent, with present value remaining well below debt sustainability thresholds, standing at 24.9 per cent of GDP in 2022.[1] This level of intervention was possible thanks to prudent fiscal policy over the years, resulting in low debt ratios and high international reserves, and thus substantial fiscal space.

As the recovery gains traction, policy can focus on further targeting of support measures, increasing financing options, and supporting SDG goals. The domestic outbreak has increased demands for health care and social assistance beyond what was planned at the beginning of the year. The reallocation of spending rightly prioritizes those needs. In 2021, compared to budget plans, the purchase of goods and services is estimated to have risen by 1.3 per cent of GDP, while subsidies, grants and social benefits are expected to rise by 2.4 per cent of GDP, largely reflecting public health and social interventions. Meanwhile, capital spending is expected to fall below previous budget plans, though still remaining significant in terms of share of the GDP.

1.3. Public Financial Management Reform Programme

The RGC, led by Ministry of Economy and Finance (MEF), implemented the Public Financial Management Reform Programme (PFMRP) in 2004, following a 'platform' approach. The four platforms – or phases building one upon another – are: 1) budget credibility; 2) financial accountability; 3) policy-budget linkages; and 4) performance accountability. In 2007, the government piloted programme budgeting with 7 ministries including MoEYS which was later expanded to 8 ministries covering the four sectors in the budget law. The pilot applied only to part of the total budget of the 8 ministries, mainly in current expenditure.

Programme Budgeting (PB) reform gained speed after the introduction of a concept note for strategic direction of Cambodia's Budget System Reform 2013–2020. The concept note lead to the full-scale rollout of PB in 2014, with all 38 ministries/institutions implementing PB in 2018. Following several assessments of the PB implementation, MEF introduced Budget System Reform Strategy 2019–2025, which aims to implement performance-informed budgeting by 2025. This reform has already led to a welcome increase in strategic and performance orientation in the process of budget allocation. With regards to public investment, which is a major contributor to economic growth, earlier pilot

[1] Department of Debt Management of the General Department of International Cooperation and Debt Management, *Cambodia Public Debt Stastical Bulletin Volume 14: Data as of End-Q1 2022*, Ministry of Economy and Finance, Phnom Penh, 25 May 2022.

reforms have led to the adoption of the Public Investment Management System Reform Strategy 2019–2025, which envisages a comprehensive reform of public investment management as described above. Thus, said reform only started in 2020.

Budget execution and financial accountability systems contribute to effective implementation of fiscal policy, as they are necessary to ensure that budgets are spent as planned and that the fiscal deficit is kept under control. Budget execution and financial accountability systems are mainly addressed in PFMRP Part I (cash management; public procurement) and Part II (budget classification and chart of accounts; business process, internal controls, and budget execution; accounting, recording and reporting; accountability and budget transparency). The Financial Management Information System introduced by MEF and expanded to line ministries and subnational administration played a critical role in supporting the reform process, and vice versa.

II. Education sector overview

2.1. Development in the education sector

The education system in Cambodia is structured into different sectors and levels, including the early childhood (five-year-olds and below), primary (Grades 1–6), lower secondary (Grades 7–9) and upper secondary (Grades 10–12) sectors, all of which are age-specific. The non-formal and the vocational and technical education sectors, intended mainly for young people and adults who drop out of school, have never attended school or are disadvantaged, are not age-specific. The higher education sector is for those who complete a general education programme(s) to Grade 12 or equivalent.

The RGC has recently started to improve the quality of education in public schools. Initiatives such as the establishment of full-day public school,[2] new-generation schools (NGS) and school-based management have been put into practice and are showing promise in terms of quality enhancement.[3] The RGC has invested heavily in the education sector for many years,[4] which has achieved remarkable improvements in access and equity. Additionally, achievements have also been secured in pre-service teacher education and curriculum development.

In terms of access, Cambodia has been highly successful in expanding the coverage of education at the primary level. Significant public investments have been instrumental in this regard. At all levels, the expansion of education within

[2] In the Education Strategic Plan 2019–2023, MoEYS intended to prepare guidelines on full-day teaching and learning in primary schools in 2020.

[3] NGS Grade 12 students outperformed both the national average and nearby non-NGS schools on the 2018 Bac II Examination. The national passing rate for the 2018 Bac II was 67 per cent; the passing rates for Sisovath High School and Hun Sen Kampong Cham High School – both NGS schools – were 89 per cent and 75 per cent, respectively (Ministry of Education, Youth and Sport, *New Generation School Annual Achievement Report: Year 3 implementation (January–December 2018)*, MoEYS, Phnom Penh, January 2019).

[4] Compared to other social sector spending, MoEYS's budget allocation from year to year increased rapidly from 2015 to 2020, 11as averaging 3.2 per cent of GDP.

the last two decades in undeniable. Early childhood education (ECE) enrolment increased between 2015 and 2020, with GER of children ages 3–5 improving from 8.7 per cent to 10.8 per cent, and NER increasing from 16.7 per cent to 20.1 per cent.

The access to primary education showed significant results.[5] The GER was over 100 per cent while the NER was over 90 per cent at public schools. The overall primary completion rate including private schools has increased from 84 per cent in 2015 to 91.7 per cent in 2022. The GER for lower secondary education has increased from 53.3 per cent in 2015 to 68.55 per cent in 2022, while the GER of upper secondary education increased from 24.2 per cent to 39.35 per cent during the same period. These increases showed big improvements in access to education at both lower and upper secondary levels. The completion rate at both lower and upper secondary levels also saw big increases, reaching to 52.9 per cent and 33.1 per cent, respectively, in the 2021/22 school year.

There has also been a remarkable improvement in the promotion rate – i.e., the rate at which students are promoted to the next grade level in the following year – within primary schools over the past two decade". The promotion rate increased from 78 per cent in 2005/06 to 84.90 per cent in 2020/21, peaking at 91 per cent in 2012/13. In line with this trend, the dropout rate decreased from 11 per cent in 2005/06 to 7.2 per cent in 2020/21, bottoming out at 3 per cent in 2012/13; and the repetition rate gradually decreased from 11 per cent in 2005/06 to 8 per cent in 2020/21 (Department of Education Management Information System, *Public Education Statistics and Indicators: 2020–2021*, MoEYS, Phnom Penh, March 2022).

Over the past decade, the completion rate in primary education was 80 per cent, through the successive Education Strategic Plans (ESPs) put in place by MoEYS. Since 2000, MoEYS has been working strenuously to improve the primary education sector's internal efficiency, in terms of increasing promotion and completion and reducing dropout and repetition rates (the evolving internal efficiency indicators over the past five ESPs).

In spite of the achievements, though, the education system has not been doing so well. Its most significant challenge concerns quality. There is much evidence to suggest that, in general, Cambodian schools are not equipping students sufficiently with the knowledge and skills required to be competitive in the regional and global contexts. The results from well-established national and international assessments show Cambodian students are consistently underperforming against educational standards.[6] Test performance differences

[5] The Education Congress Report 2022 shows access to education expanded rapidly for all levels.

[6] Grade 3, 2014: students answered correctly for Khmer – 35.2 per cent; for mathematics – 41 per cent, of which the percentage of correct answers of students in urban areas was 50 per cent and in rural areas only 32 per cent.

Grade 6, 2016: students answered correctly for Khmer – 52 per cent; for mathematics – 48 per cent.

Grade 8, 2022: students answered correctly for Khmer – 65 per cent; for mathematics – 30.3 per cent.

The PISA-D test showed Cambodian students' scores were lower than the average for OECD & lower-middle-income countries.

along public-private and urban-rural divides are another challenge facing Cambodia's education system.

2.2. MoEYS reform priorities for 2022

MoEYS has, over many years, significantly reformed pre-service teacher training. Pre-service qualification for teaching now requires two years of pedagogical training after Grade 12. Teacher trainees receive 2,726 hours of structured learning across five domains: professional skills; basic education upgrading; major-related knowledge and teaching methodology; pedagogy and practicum; and pedagogical research. A new development in 2019/20 was a four-year teacher training programme delivered by the Phnom Penh Teacher Training Institute. The initiative arose from the Teacher Policy Action Plan. This 12+4 programme is an expanded and modernized version of the 12+2 training programme.

MoEYS developed its first national curriculum framework since the early 2000s. The most notable feature was the early-grade Khmer language teaching method developed in 2006. It changed from a phonetic to a whole-language approach, reflecting how English and many other foreign languages were taught in schools. Khmer textbooks for primary school students were subsequently changed, published and sent out to classrooms. In 2010, MoEYS changed back to the phonics-based approach (known as the Chet Chhem), and new Khmer textbooks for Grades 1, 2 and 3 were issued in 2011, 2012 and 2013, respectively.

MoEYS developed a new curriculum framework for general and technical education in 2015, and for secondary education in 2018. The framework aims at realizing the country's vision of being an upper-middle-income country by 2030 and a high-income nation by 2050. It also seeks to address the needs of the labour market, ASEAN integration and the fast-changing nature of employment. It has a strong emphasis on the acquisition of twenty-first-century skills. It also reduces the time spent studying Khmer from 13 hours to 11 hours per week in Grades 1–3. The older curriculum framework approved in 2004 remains in force, however, since the new framework does not yet have the necessary assessment tools and inputs for implementation. Therefore, how much this new framework will produce a real impact on teaching and learning is yet to be seen.

While social demand for quality primary education increases, the budget available for the public primary schools is declining. More investment is going into other sectors in the national education system, and DPs are making less aid available to the primary education sector. The education budget is being and will continue to be further reduced in the context of the COVID-19 pandemic. Innovation, transparent management of resources and sound strategy are now critical. Innovation is needed in the delivery of quality education services, especially at the primary level. Transparent management is needed in the recruitment and deployment of teachers as well as the appointment of school directors – matters which need to be revisited.[7] Finally, Cambodia needs to have a sound strategy for providing access to quality education in an equitable fashion.

[7] "Poor school governance is a problem that grows mainly out of the politicized nature of Cambodia's education system…" (Bredenberg, Kurt, 'Progress with Reforming Secondary

2.3. The impact of COVID-19 on education

The lack of library and ICT resources also restricts teaching and learning quality. Recently, the COVID-19 pandemic has forced school closures across the country, meaning that the only way to continue providing education in an interactive manner has been through an internet connection. Cambodia has not generally been able to adjust to the new e-learning environment, however, due to limited competency with online teaching and an inability to afford functional but high-cost ICT tools. Fewer than one third of students and one half of teachers were able to resume classes using internet technology.[8] Those who did use the technology reported a dramatic decline in the quality of teaching and learning.

2.4. MoEYS budget allocation trends 2018–2022

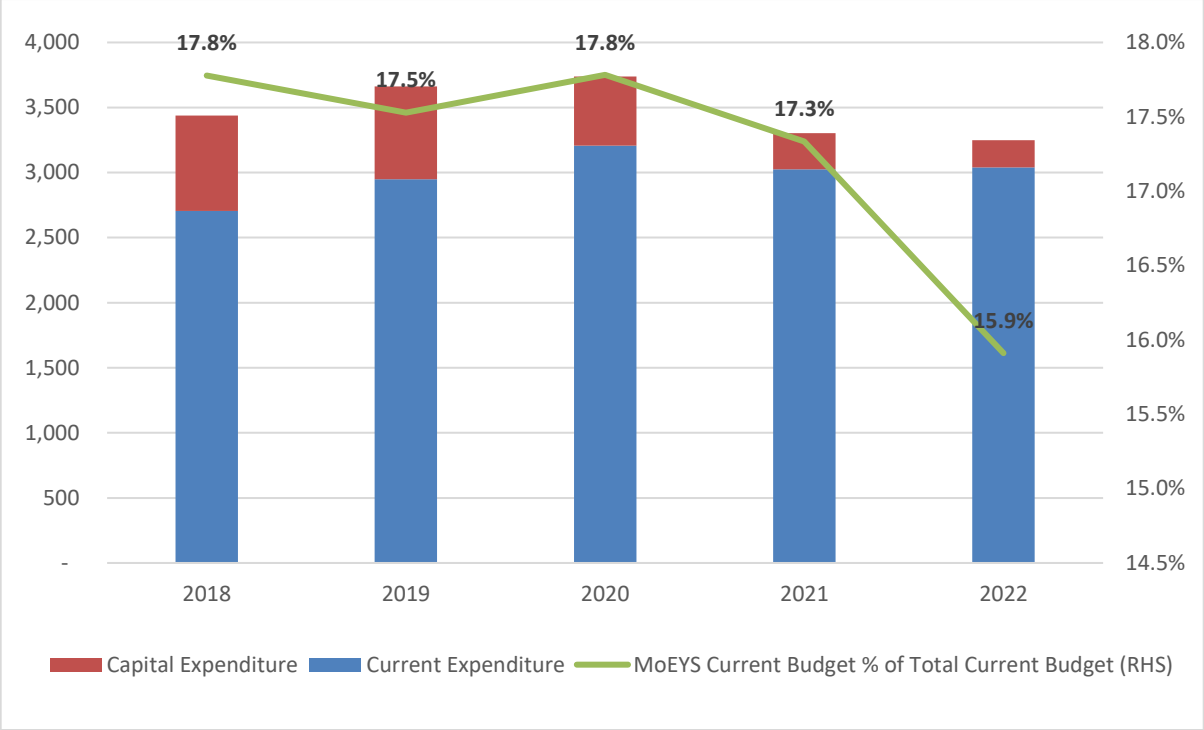
Since the pandemic hit in early 2020, MoEYS's budget has eroded in its share of the national budget, given the reprioritization of funding to a more urgent and demanding expense. MoEYS's current expenditure has gradually dropped relative to the total current expenditure at the national level, from 17.8 per cent in 2018 to 15.9 per cent in 2022. The decline can be explained mainly by the allocation of budget to more urgent and pressing expenses in response to the pandemic. MoEYS's budget share of GDP also declined to 2.62 per cent this year, down from 3.45 per cent in 2018.

Notwithstanding the overall decline of the budget allocated to MoEYS, the current expenditure still maintains positive growth in nominal terms, while the capital investment budget has seen a significant cut. Between 2018 and 2022, current expenditure of MoEYS has grown 12.4 per cent, while the recent 2022 budget grows the current expenditure by 0.5 per cent. If taking into account the surging inflation in 2022, however, the current expenditure has declined -4.2 per cent, half the rate of decline of -8.4 per cent in the previous year. On the other hand, the capital investment budget has dropped -71.7 per cent during the last five years, with a decline of -25.43 per cent in 2022. Moreover, the share of capital expenditure to total MoEYS expenditure has fallen from 12.7 per cent in 2018 to only 8.4 per cent in 2022.

Figure 2: MoEYS budget (2018–2022, billion KHR)

Education in Cambodia', ch. 4 in *Education in Cambodia: From year zero to international standards*, edited by Vincent McNamara and Martin Hayden, vol. 64 in *Education in the Asia-Pacific Region: Issues, concerns and prospects*, edited by Rupert Maclean and Libing Wang, Springer, Singapore, 2022, p. 69).

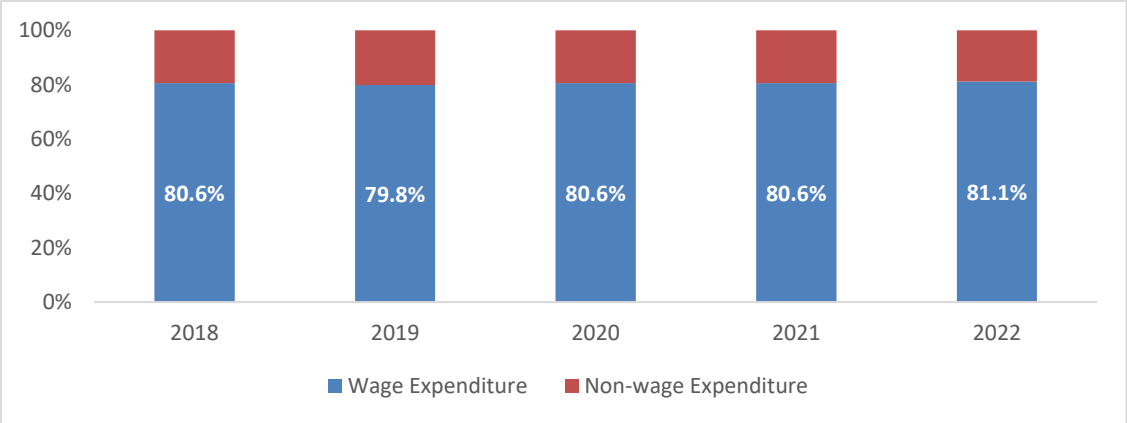
[8] Ministry of Education, Youth and Sport and the Education Sector Working Group, *Cambodia COVID-19 Joint Education Assessment Needs Assessment*, MoEYS and ESWG, Phnom Penh, March 2021.



Source: Budget Law (2018–2022)

Wage expenditures continue to grow relative to non-wage expenses. In 2022, MoEYS wage expenditures amounedt to KHR 2,467 billion, boasting 1.3 per cent growth from the previous year, while non-wage expenditures declined around -2.5 per cent. Moreover, the proportion of wage expenditures in MoEYS's total budget continues to grow, reaching 81.1 per cent this year, a gradual increase from 80.6 per cent in 2018. The increase of wage expenditures is echoed by the resumption of teaching personnel recruitment, following the return to normality in the post-pandemic context.

Figure 3: Wage and non-wage expenditure of MoEYS (2018–2022)



Source: Budget Law (2018–2022)

Between 2018 and 2022, MoEYS's current budget has improved substantially with 12.4 per cent growth, though some programmes see the opposite in fund distribution. Particularly, Programme 1 –encompassing key general education programs such as primary, secondary, early childhood and non-formal education – saw a 2.4 per cent increase of budget over the last five years,

while the other three programmes – including higher education, youth and sport – saw their resource flows cut -34 per cent, -6.5 per cent and -3.5 per cent, respectively. Meanwhile, the programme which contains the wage budget boasted 15.0 per cent growth during the last five years. If adjusted for inflation over the last five years, however, the current budget has declined in real terms, given that the cumulative inflation rate over the last five years topped 15 per cent.

Table 1: Change of MoEYS current budget between 2018 and 2022

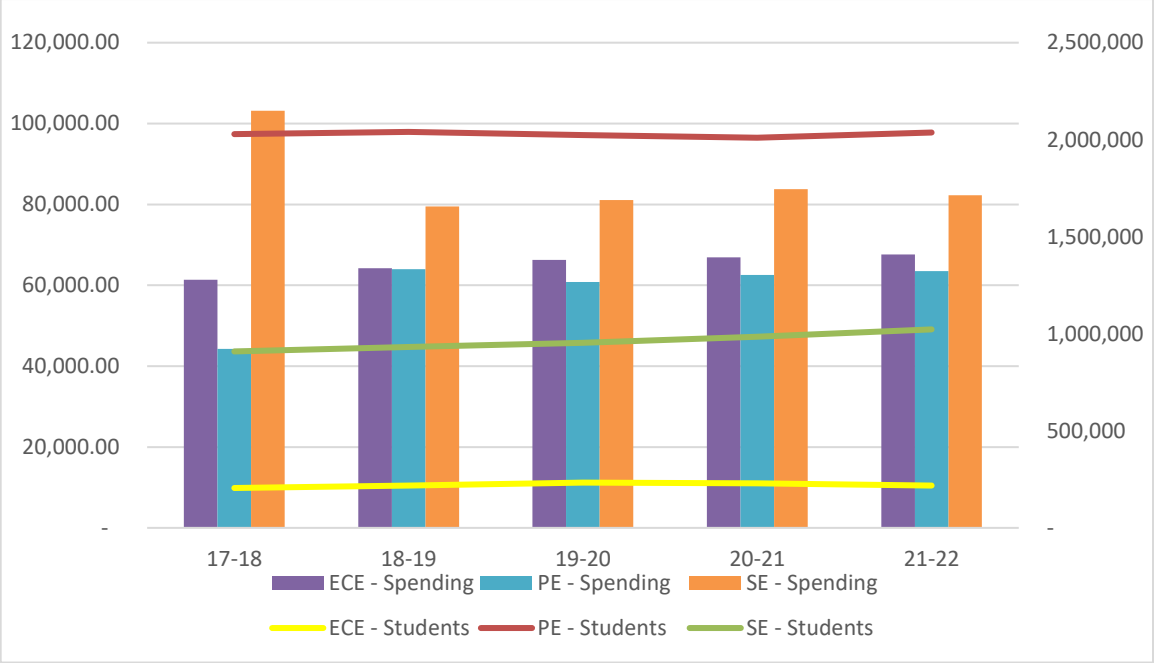
Programme		Current budget (million KHR)		Growth rate
		2018	2022	
1	Formal, Non-formal and Informal Education Development	270,468.0	276,882.1	2.4%
2	Development of Higher Education and Research	42,512.0	28,042.4	-34.0%
3	Development of Physical Education and Sport	63,897.3	59,715.7	-6.5%
4	Development of Youth	14,069.2	13,580.3	-3.5%
5	Education Service Support and Good Governance	2,314,510.0	2,662,605.5	15.0%
Total		***2,705,456.5***	***3,040,826.0***	***12.4%***

Source: Budget Law (2018–2022)

The current expenditure has been channeled across various programs under MoEYS, with some subsectors receiving a larger share of the pie. In line with previous trends, primary education still receives the largest share of budget among the other levels of general education, and it continues to gain momentum. In 2022, the budget allocated for primary education amounted to 46.7 per cent of the total budget under Programme 1, a remarkable growth from 33.2 per cent in 2018. Meanwhile, secondary education receives the second largest budget under Programme 1, standing at around 30 per cent of the total.

Per student spending remains uneven across various levels, however, and fluctuates over times, indicating underfunding in the education subsectors. In the preschool level, spending per student has grown from KHR 61,344 in 2018 to KHR 67,604 in 2022, representing 10.2 per cent growth over the last five years. Similarly, in the primary level, the per student current spending has grown significantly at a rate of 43.4 per cent, from KHR 44,270 in 2018 to KHR 63,483 in 2022. In the secondary level, however, the budget per student has declined around -20 per cent from KHR 103,129 in 2018 to KHR 82,296 in 2022. This decline is also in line with the overall budget allocated to the secondary level, which decreased -10.2 per cent over the same period. Interestingly, during the same five-year period the number of students in the secondary level grew 12.5 per cent.

Figure 4: Current spending per student across education levels (2018–2022, KHR)

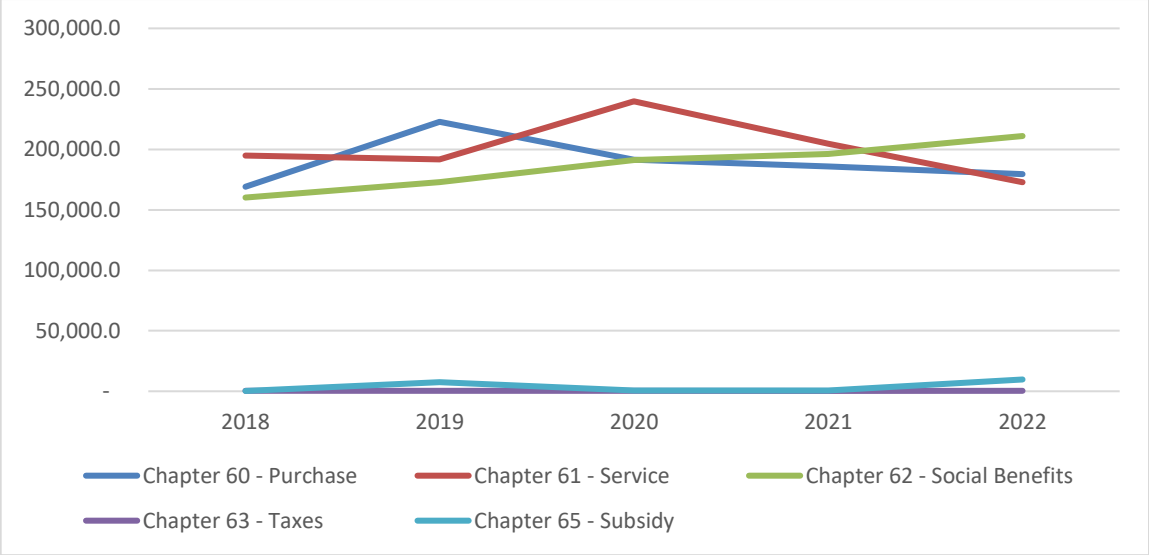


Source: Author's estimation (2022)

In the light of the pandemic and related uncertainties, the budget allocations for some chapters have sustained impacts according to economic classification. During the last five years, and especially in the last two years, the allocation of MoEYS's current budget saw some changes across the chapters, whereby some improved, while a few saw downgrades. In particular, wage expenditures under Chapter 64 saw remarkable growth of 13.2 per cent, while non-wage expenditures saw a relatively lower jump of 9.3 per cent. Additionally, Chapter 60 (purchase), Chapter 62 (social benefits), and Chapter 65 (subsidy) saw planned budget increases of 6.1 per cent, 31.8 per cent and 3.5 per cent, respectively, while Chapter 61 (service) and Chapter 63 (taxes) saw budget declines of -11.3 per cent and -26.2 per cent, respectively.

With the pandemic putting the brakes on particular activities, some chapters under MoEYS have seen a reduction in fund allocation. During the pandemic, the key expenditures under Chapters 60 and 61 declined at -6 per cent and -28 per cent, respectively, given the reprioritization of budget towards more necessary and urgent spending. The savings from streamlining budgets across line ministries enables a larger and more flexible buffer for the government to maneuver in times of uncertainty. At the same time, it is noticeable that the budget allocated to Chapter 62 (social benefits) and Chapter 65 (subsidy) has gained major momentum during the last few years following the government's continuous support to citizens through various social assistance programs.

Figure 5: Non-wage expenditure allocation by chapter (2018–2022, million KHR)



Source: Budget Law (2018–2022)

2.5. MoEYS budget execution trends 2017–2021

Over the years, significant progress has been achieved in improving budget implementation – strengthening budget credibility and accountability – thanks to the successful implementation of PFMRP. MoEYS has effectively taken up the reform programme and reaped the benefits, improving spending efficiency and transparency over the years. The key milestones include the adoption of bank service for salary transfer for all personnel, the upgrade of all provincial departments and schools as budget entities, and the adoption of the Financial Management Information System in budget management. These key achievements have addressed a wide range of issues in public financial management and strengthened the efficiency of public funding.

The pandemic has also disrupted the progress achieved in improving budget implementation. The safe distancing measures and restrictions have decelerated the budget execution rate, downgrading the overall implementation from 101 per cent in 2019 to 95 per cent in 2020. At the same time, the wage disbursement rate fell to 98 per cent in 2020, from 101 per cent in the previous year. The hardest hit spending was the budget for non-wage expenditures, of which only 81 per cent was disbursed in 2020, with the lowest rates observed in the execution of Chapters 61 and 62.

Table 2: Budget execution of MoEYS (2017–2020, per cent)

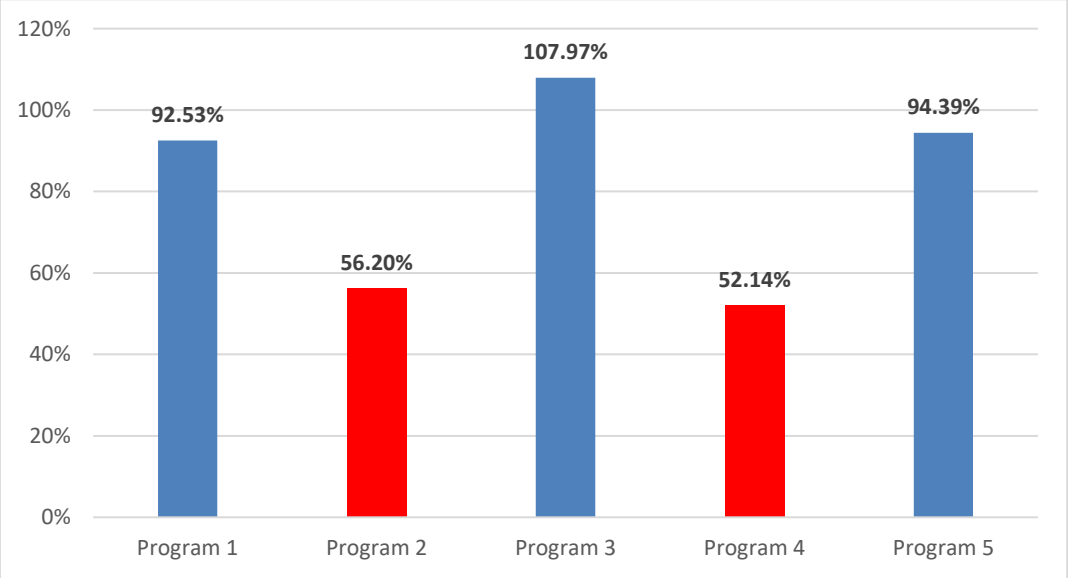
Budget execution rate	2017	2018	2019	2020
Current expenditure	***95***	***99***	***101***	**95**
Wage	*95*	*98*	*101*	98
Non-wage	*95*	*102*	*100*	81

Chapter 60 - Purchase	*92*	*92*	*96*	85
Chapter 61 - Service	*90*	*88*	*97*	75
Chapter 62 - Social Benefits	*106*	*111*	*98*	69

Source: Budget Execution Law (2017–2020)

In the absence of official numbers, preliminary data also paint a similar situation for 2021 in terms of budget implementation. The subsequent waves of infection have shifted working patterns and disrupted normalcy. In 2021, only 95 per cent of the planned budget was implemented – the same rate as the previous year.theThe provincial level achieved a 97-per-cent execution rate, while the central level was able to implement only 74 per cent of its total budget.

Figure 6: 2021 MoEYS budget execution by programme



Source: MoEYS (2022)

III. Budget allocation to MoEYS

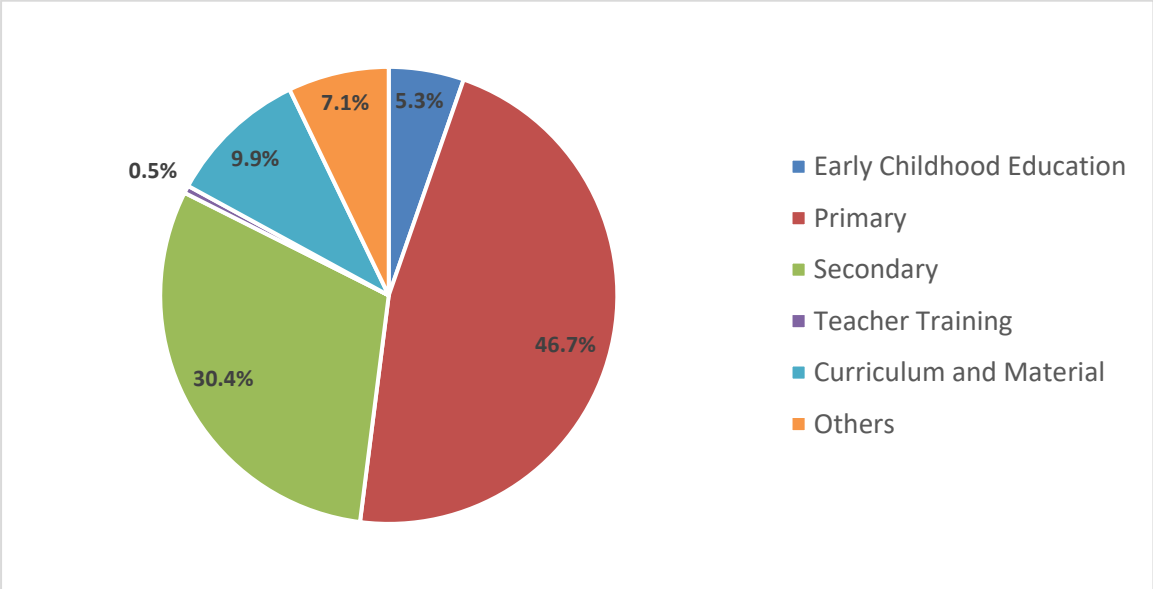
3.1. MoEYS budget 2022

Underlining the direction of the economic recovery in the post-pandemic context, the budget allocation to MoEYS saw a slight decline compared to previous budget law. In 2022, MoEYS received a budget allocation of KHR 3,248 billion, a -1.6 per cent drop from 2021 MoEYS budget of KHR 3,303 billon. The decrease is mainly driven by the drop in capital expenditure to KHR 207.4 billion, down from KHR 278.1 billion in 2021. the current expenditure continues to sustain its trend for growth, however, rising 0.5 per cent from KHR 3,024 billion in 2021 to KHR 3,040 billion this year. Moreover, if compared to the current expenditure adjusted after rationalization in 2021, the 2022 budget sees a higher growth rate of 1.4 per cent.

Within the context of uncertainty and post-pandemic recovery, the current expenditure of MoEYS – like that of other ministeries – has seen minor growth this year. In 2022, the current spending of MoEYS is planned to grow 0.5

per cent, with four out of five programmes witnessing declines in budget allocations while only one programme sees considerable growth. Specifically, the budget of Programme 1 (related to formal and non-formal education) fell -1.6 per cent, while the budget of Programme 2 (higher education) is planned to decrease -6.9 per cent from the previous year. Moreover, Programme 3 (sport) and Programme 4 (youth development) will witness declines of -5.1 per cent and -12.9 per cent, respectively. On the other hand, the only programme seeing positive growth in budget is Programme 5 (supporting the education service and good governance). Even when compared to the rationalized budget of 2021, the budgets allocated to the four programs this year remain low, while Programme 5 sees larger growth.

Figure 7: Current budget by key expenditure under Programme 1 (2022)



Source: Budget Law (2022)

Under Programme 1, the current expenditure has been planned to accommodate a wide range of educational activities based on government priorities. Government resources have been apportioned to accommodate various educational activities including early childhood, primary and secondary education as well as the development of curriculum, study materials, etc. The distribution among activities, however, is still uneven. Under Programme 1, primary and secondary education make up the majority of the budget allocation, representing around 70 per cent of the total budget. On the other hand, the budget allocated to ECE remains marginal with only slight change over time, accounting for roughly 5 per cent of the total budget under Programme 1 over the last five years. Similarly, the financial resources allotted to teacher training and the development of curriculum and study materials have been minimal and trending downward.

Table 3: Detailed current budget under Programme 1 by subprogramme (including central and provincial budget) (2018–2022, million KRH)

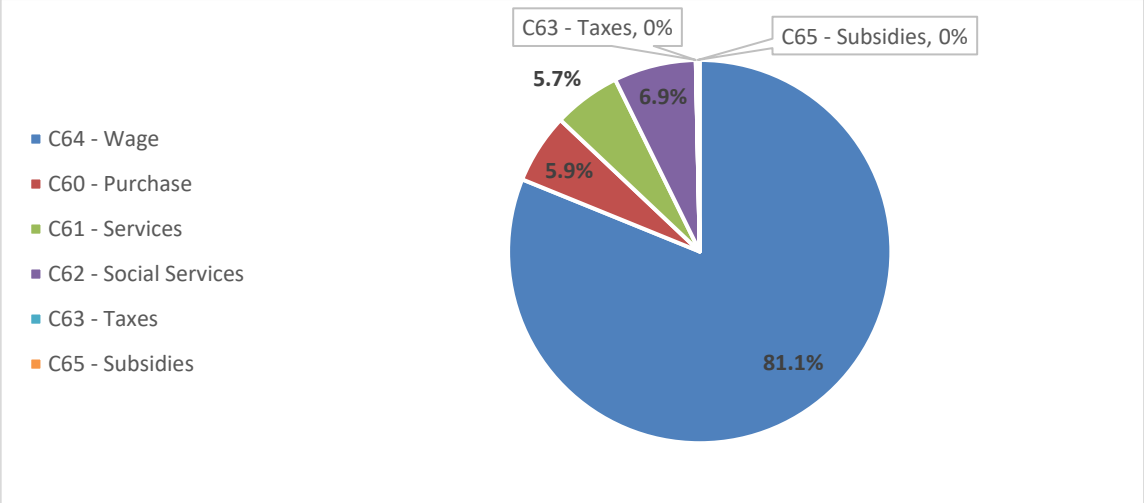
Current budget	2018	2019	2020	2021	2022

SP 1.1. Early Childhood Education	12,605.80	13,965.50	15,456.60	15,323.90	14,723.20
SP 1.2. Primary Education	89,811.30	130,536.10	123,067.80	125,765.10	129,286.70
SP 1.3. Secondary Education	93,751.20	74,061.40	77,342.40	82,473.40	84,166.00
SP 1.4. Non-formal Education	12,070.60	9,147.30	8,796.30	7,611.80	6,820.40
SP 1.5. Study Health	4,285.50	3,972.90	5,800.60	5,523.30	6,276.10
SP 1.6. Technical Education	8,741.80	3,692.10	5,592.50	4,569.70	4,343.70
SP 1.7. Teacher Training	17,987.40	18,141.90	15,358.60	8,986.50	1,491.40
SP 1.8. Curriculum and Material	29,602.10	29,628.90	29,380.50	28,172.70	27,426.40
SP 1.9. Inclusive Education	1,612.30	2,349.70	3,027.60	3,074.70	2,348.20

Source: Budget Law (2018–2022)

By chapter, MoEYS budget in 2022 is still largely dominated by wage expenditures, while non-wage expenditures see a slight decline. This year, wage expenditure under Chapter 64 is planned to be 1.3 per cent higher than the previous year, given that teacher recruitment is still constrained at a minimal level. Meanwhile, non-wage expenditures see a 2.5 per cent lower budget relative to 2021. The decrease is based on budget execution rate of the previous year, as well as the clear budget priorities to further cut down on unnecessary and non-urgent spending, including international travel, foreign missions, etc. Hence, the budgets allocated to Chapter 60 (purchase) and Chapter 61 (service) – which encompass some expenditures on travelling, supplies and equipment – see contractions of -3.5 per cent and -15.6 per cent, respectively. On the other hand, growth is witnessed for Chapter 62 (social service) and Chapter 65 (subsidies) with 7.5 per cent and 1,403 per cent growth, respectively, given the increasing mobilization of resources to support students from poor and vulnerable households. This trend underlines the government's focus in concentrating resources on much-needed expenditures during the post-crisis period.

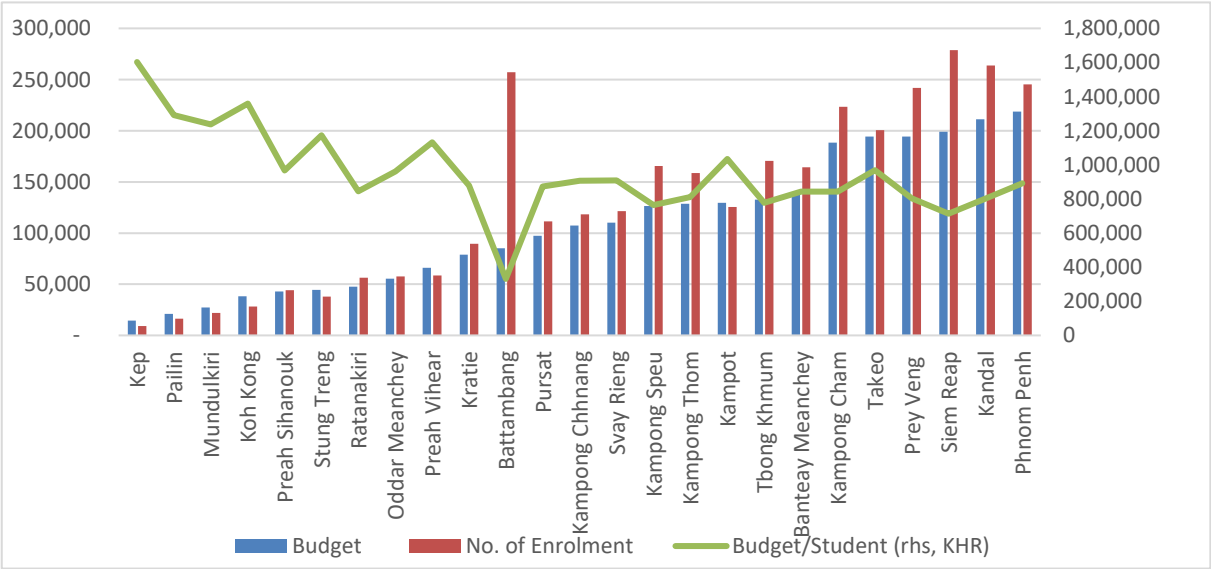
Figure 8: 2022 MoEYS budget by chapter



Source: Budget Law (2022)

In 2022, the MoEYS budget is distributed proportionately based on the provincial population size and number of students. Budgets allocated at the provincial level under MoEYS amount to KHR 2,698,231 million (USD 658.1 million), representing 1.4 per cent growth from the previous year. By provinces/capital, Phnom Penh tops the list in absorbing the largest budget at KHR 218,792 million, followed by the densely populated provinces of Kandal, Siem Reap, Prey Veng, Takeo and Kampong Cham. On the other hand, less-inhabited provinces such as Kep, Pailin and Mundulkiri see smaller allocated budgets. Interestingly, when plotted against the number of enrolments across provinces, the spending allocations are in line with the number of students in each province, except in the case of Battambang, which sees a relatively low budget given the recent delegation of three education functions from the central to the subnational level.

Figure 9: 2022 budget allocation by province and distribution of students (million KHR)



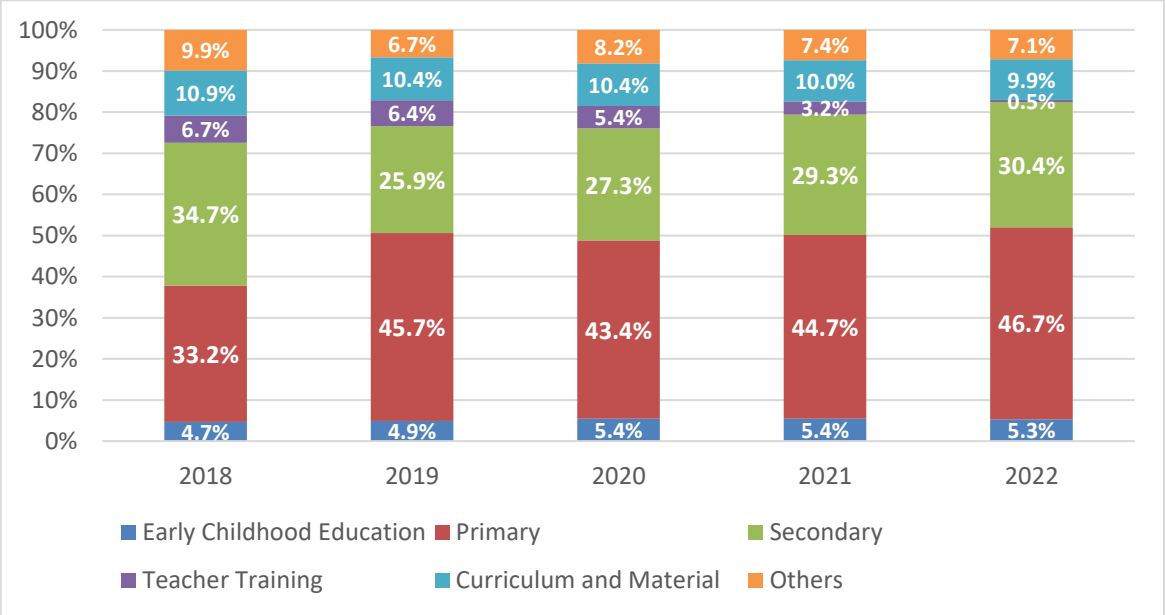
Source: Budget Law (2022)

3.2. Alignment to ESP 2019–2023

The budget allocation to MoEYS has been guided to accommodate the policy direction provided by the presiding ESP 2019–2023. Two objectives have been put forward under the ESP, namely: (1) ensure inclusive and equitable quality education and promote life-long learning opportunities for all; and (2) ensure effective leadership and management of education staff at all levels. In response to this direction, the allocation of budget to MoEYS has increased in a number of subsectors, including general education at all levels (especially ECE), as well as the increase of benefits for teaching and non-teaching staff.

Primary education maintains its momentum as a key recipient of government funding given its relatively large number of schools, yet the prerequisite ECE remains limited in scope. With the presence of primary schools in every village, the financial resources required to accommodate their activities follow. It is striking, then, that ECE – which is a fundamental stage in the education cycle – remains constrained in terms of scope and budget. This places a larger burden on primary education and leaves students less prepared for the faster-paced learning environment anticipated in current and future contexts.

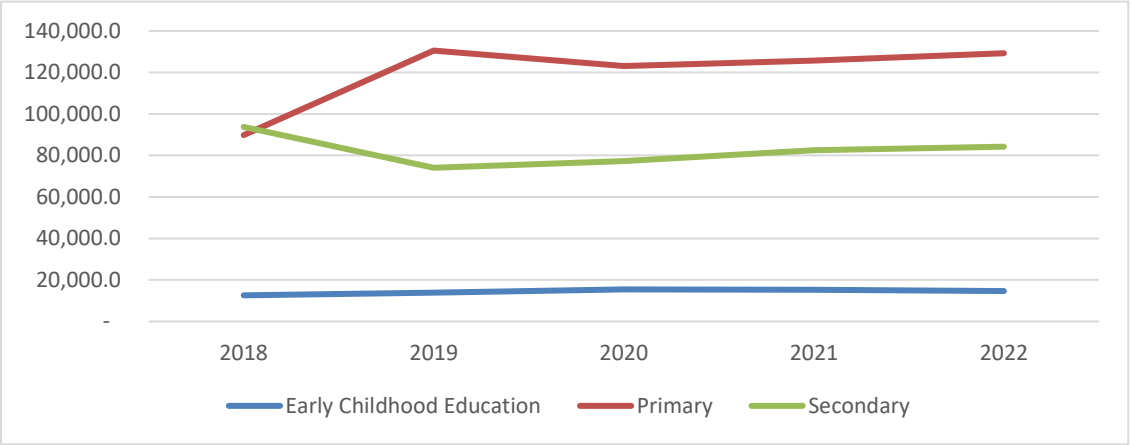
Figure 10: Current expenditure allocation under Programme 1 (2018–2022)



Source: Budget Law (2018–2022)

The ECE subsector remains in the shadow, however, and has not gained significant attention. Reflected in the budget allocations, the funding injected to ECE remains low compared to the other subsectors such as primary and secondary education. More interestingly, the budget for ECE has been steady within the last five years, witnessing average growth of only 4.2 per cent compared to 11.2 per cent average growth of primary education.

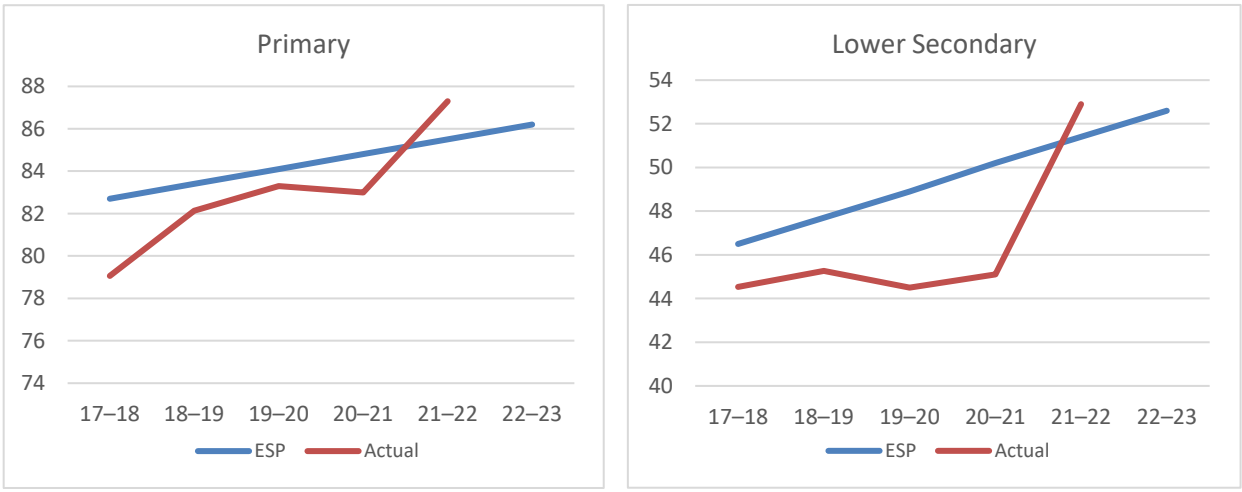
Figure 11: Trends of current budget allocated to three key general education sectors (2018–2022, million KHR)



Source: Budget Law (2018–2022)

Meanwhile, based on the core breakthrough indicators put forward in the ESP 2019–2023, progress has only been minimally achieved. In particular, the completion rate at the primary and secondary levels remained below the target set in the ESP, breaching the achievement threshold only in the 2021/22 academic year. This coincided, however, with the pandemic's impact on the education sector, thus the assessment might not be reliable compared to a business-as-usual period.

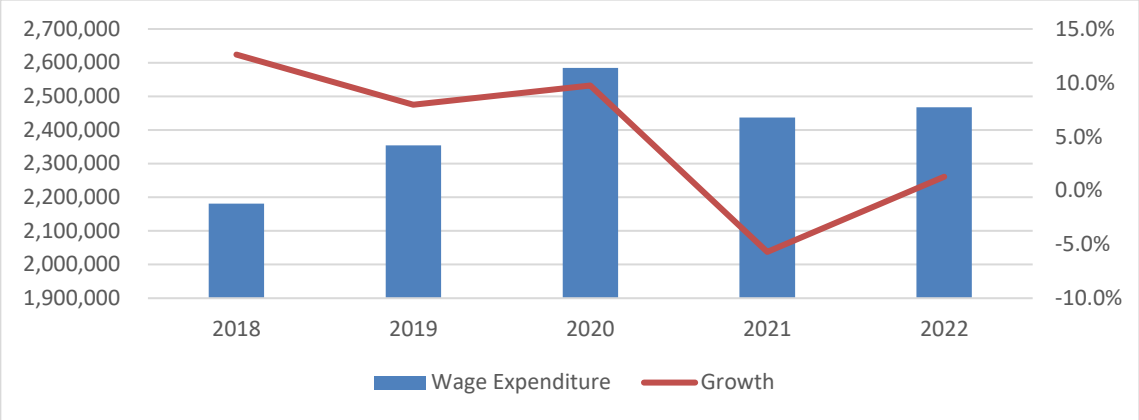
Figure 12: Progress in completion rate (per cent) at primary and lower secondary level (2018–2022)



Source: MoEYS (2022)

On the second policy objective, the direction to enhance the effectiveness of leadership and management of education at all levels has translated to an improvement in remuneration for education staff across the board. Particularly, the wage of teaching staff has seen remarkable increase over the last several years following the wage hike policy implemented between 2015 and 2018. In the last five years, wage expenditures have risen 13.2 per cent, from KHR 2,180.7 billion (USD 538 million) in 2018 to KHR 2,467.6 billion (USD 609.3 million) in 2022. Wage expenditures have, however, seen fluctuations in the last five years, given the impact of the pandemic on the recruitment plan of MoEYS and the hold put on salary increases for two years.

Figure 13: Wage expenditure of MoEYS (2018–2022, million KHR)



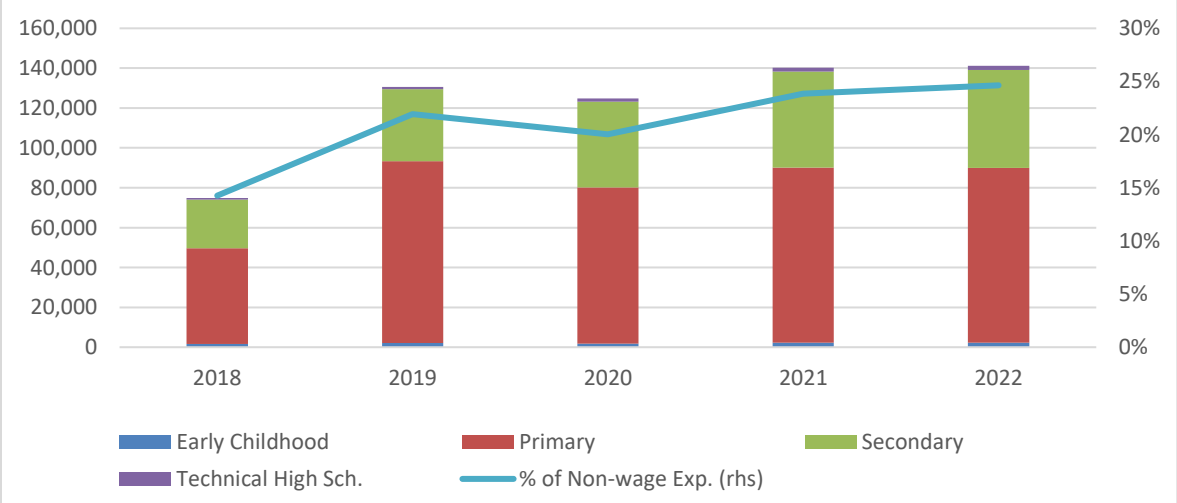
Source: MoEYS (2022

3.3. Thematic issues

3.3.1. School Operational Fund

This year, the School Operational Fund (SOF) has been maintained at a similar level to last year, with minor growth. Compared to the previous year, the SOF saw only a slight 0.76 per cent rise in budget, growing from KHR 140.2 billion (USD 34.6 million) in 2021 to KHR 141.2 billion (USD 34.9 million) in 2022. The allocation of the SOF has continued the trend from previous years of injecting funding into the primary and secondary levels, while very slight improvement has been witnessed in ECE. When considered as a portion of total non-wage expenditures, however, the SOF saw a considerable increase to 24.6 per cent of total non-wage expenditures, up from 23.8 per cent in 2021.

Figure 14: Trend of School Operational Fund by level (2018–2022, million KHR)

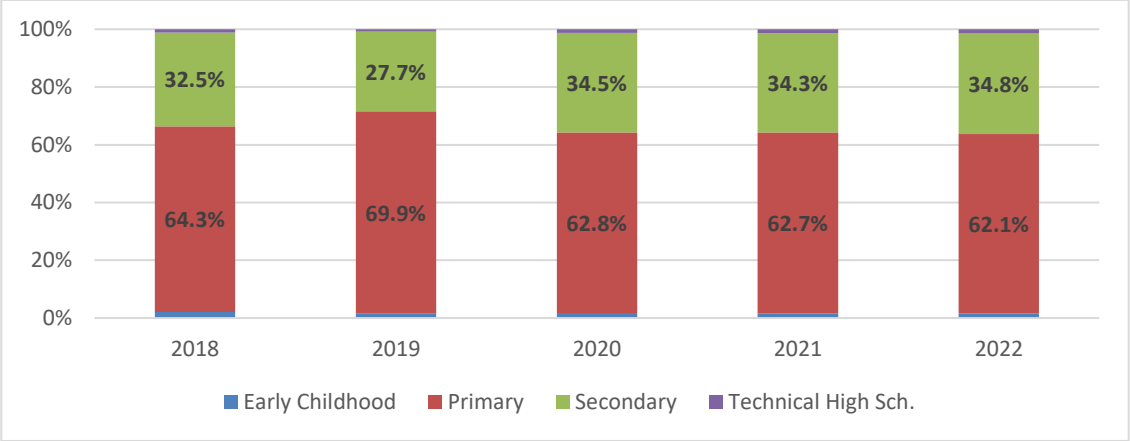


Sources: MoEYS (2018–2022)

By level, the allocation of the SOF continues to concentrate in the primary and secondary levels. In 2022, almost 97 per cent of the SOF has been allocated to primary and secondary schools, with 62.1 per cent going to the primary level and 34.8 per cent to the secondary level. Meanwhile, the portion allocated to ECE remains minimal, standing at 1.6 per cent, while the remaining 1.5 per cent goes to technical education. Interestingly, this allocation is not proportionate to the

number of schools across education levels; ECE accounts for 33.4 per cent of the total number of schools, while secondary schools make up only 13 per cent.

Figure 15: Distribution of School Operational Fund by level (2018–2022)



Sources: MoEYS (2018–2022)

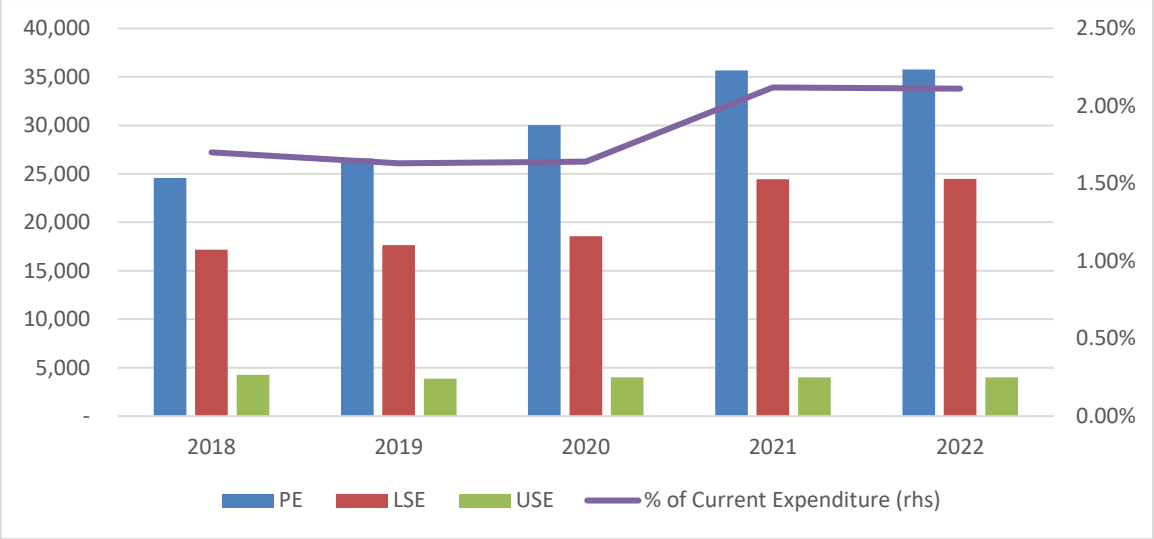
Given the disparate provision of funds per school for different levels of education, the SOF is disproportionately allocated. The SOF allocation per student varies considerably between the ECE and primary/secondary levels. Each student in primary and secondary education is allocated approximately KHR 38,000 and KHR 46,000, respectively, while the funding for each technical education student stands at KHR 1.2 million (or $300). The preschool-level student, however, receives only KHR 8,500 (or $2.1) per year, indicating a huge gap in funding relative to other levels.

3.3.2. Scholarship programme

With the objective to ensure inclusive access to education, especially to underprivileged households, the government has been providing scholarships to students from poor families in all levels of education. Over the last five years, the scholarship budget grew more than 30 per cent, rising from KHR 46 billion (USD 11.4 million) in 2018 to KHR 64.2 billion (USD 15.9 million) in 2022. Relative to the total current expenditure of MoEYS, the scholarship budget accounts for around 2.11 per cent, a remarkable improvement from 1.70 per cent in 2018.

The allocation of the schol"rshi' budget has been concentrated mainly in primary and secondary education, in line with the direction to boost enrolment by at least Grade 9. According to MoEYS data, over half of the scholarship budget is allocated at the primary level, while around 38 per cent of the budget goes to lower secondary schools. Only 6 per cent of the budget is directed to the upper secondary level. The focus of the scholarship scheme on primary and lower secondary education reiterates the government's direction to ensure the completion of basic education by the lower secondary level.

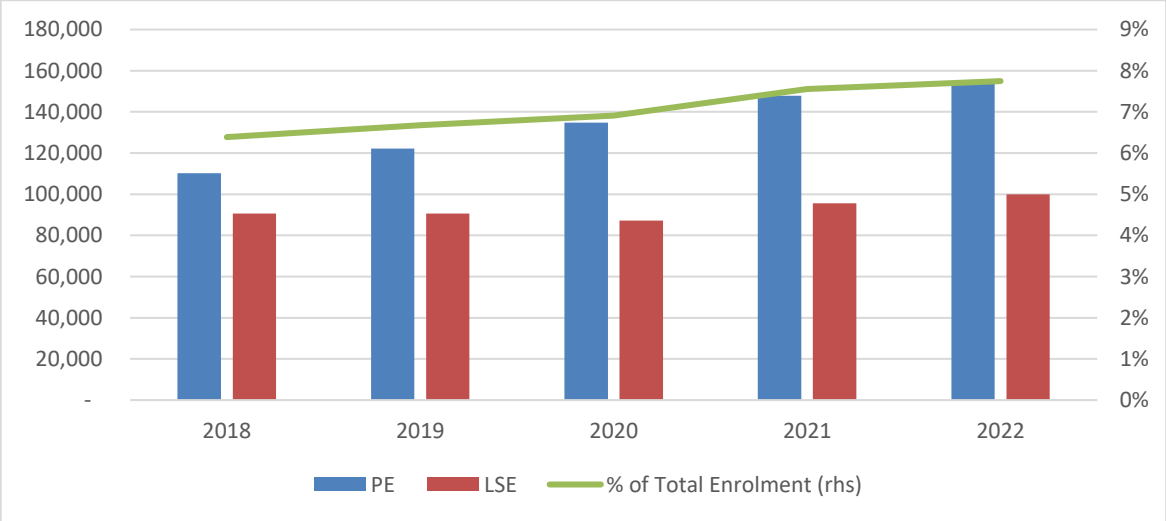
Figure 16: Distribution trends of scholarships by level (2018–2022, million KHR)



Source: MoEYS (2022)

MoEYS has planned for gradual growth in the number of scholarship beneficiaries, with a continued focus on the primary and lower secondary levels. According to the plan by MoEYS, the number of scholarship beneficiaries is set to reach 253,900 students this year, rising from over 200,000 in 2018. The number of beneficiaries represents 6–7 per cent of the total number of enrolments in each respective year. Going forward, this rising trend is expected to continue. The effectiveness of the programme, however, is yet to be tested and explicitly translated into key education indicators.

Figure 17: Plan of scholarship provision for primary and lower secondary levels (2018–2022, total planned scholarship students)



Source: MoEYS (2022)

3.3.3. Teacher training

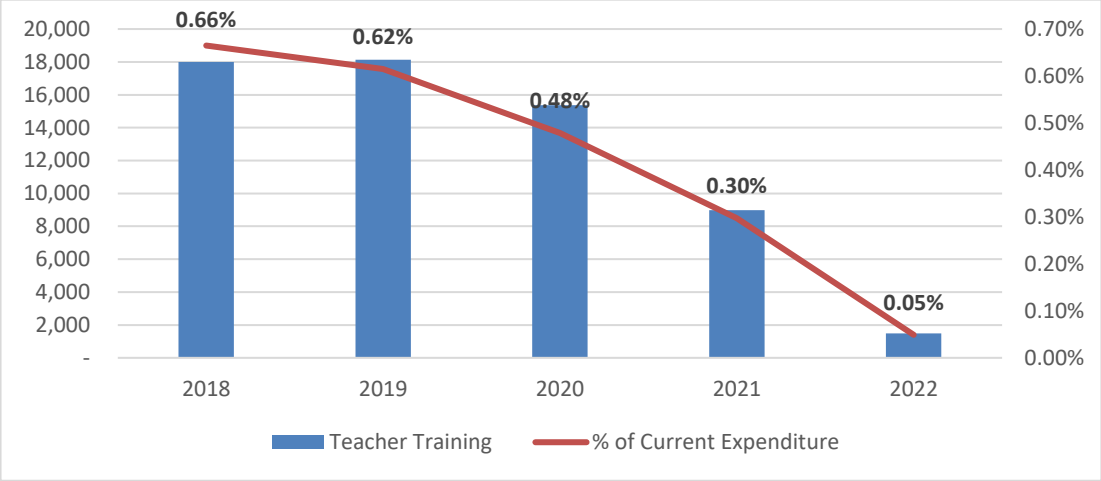
Despite its core importance to the education system, the budget allocated to teacher training functions has seen sharp decline during the last few years. Since 2018, the funding injected to teacher training has dramatically dropped, hitting its lowest level this year. In 2022, the teacher training budget stands at KHR 1.49 billion (USD 0.37 million), falling 92 per cent from KHR 17.99 billion (USD 4.4

million USD) in 2018. The decline has been attributed to the disruption of the COVID-19 pandemic on teacher recruitment.

Various training programs were put on hold or reduced in scale due to the interruption of the COVID-19 pandemic. In the academic year 2020/21, the training programme for preschool and primary school teachers was postponed, while the training programme for school principals and specialized teachers could not proceed due to budget constraints. Later in 2022, the planned recruitment of 3,600 teachers was also postponed due to budget rationalization.

Going forward, teacher training functions should be prioritized and expanded in scope to enhance the capacity of both teaching and non-teaching staff. The anticipated resumption of teacher recruitment would reboot teacher training functions. The scope of work, however, should be expanded to accommodate evolving trends in the education sector, equipping the teaching and non-teaching staff with necessary skills and competencies needed in the new era of education.

Figure 18: Trend of budget for teacher training (2018–2022, million KHR)

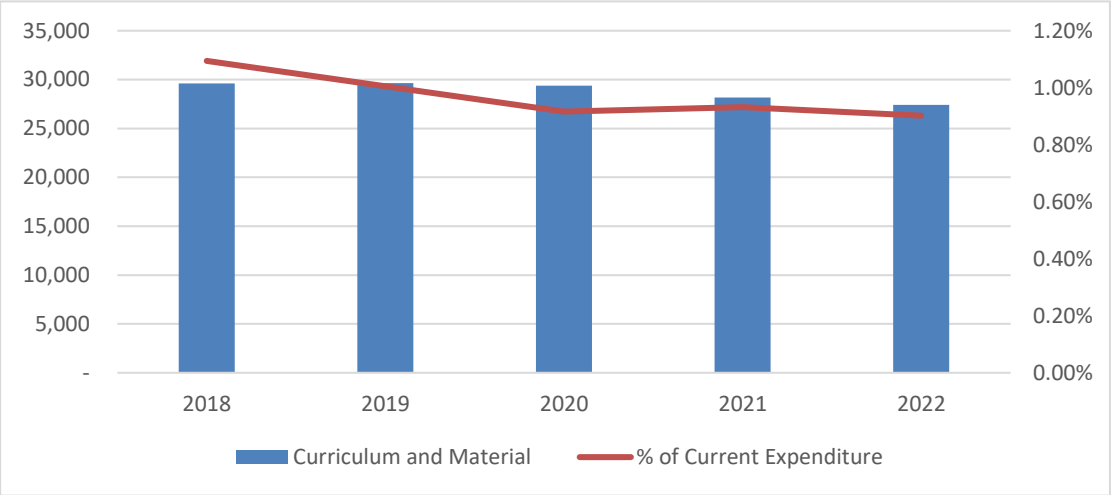


Source: Budget Law (2018–2022)

3.3.4. Textbook and curriculum development

Notwithstanding the impact of the pandemic, the budget allocated to textbook printing and curriculum development remained somehow steady. In the last five years, the budget for textbooks and curriculum development has been maintained in the same range of around KHR 30 billion (USD 7.5 million). Its share of the current expenditure has slightly declined, however, from 1.09 per cent in 2018 to 0.9 per cent in 2022. This slight drop is associated with the disruption of in-class learning activities during the pandemic in the academic year 2020/2021.

Figure 19: Trend of budget for textbook printing (2018–2022, million KHR)



Source: Budget Law (2018- 2022)

Manoeuvring in the context of the pandemic, the printing house was able to continue delivering textbooks and course materials to schools, but the functions still encountered drawbacks. In 2021, MoEYS managed to deliver around 3.88 million copies of textbooks nationwide, with primary school students receiving one course textbook per subject. Regardless of the disruption to in-class activities, students were still able to have access to course materials. Some aspects of distribution were also disrupted, however, given the impact of the pandemic.

Along with this progress, more remains to be done in curriculum development. More effort should be allocated to review and develop the curriculum for various levels of education, taking into consideration the state education in the 'new normal' while also capturing evolving trends in the education sector. To achieve this, additional resources are necessary to ensure the updated curriculum will reflect the advancing socio-economic context.

IV. Fiscal decentralization in the education sector

Along with the major RGC reforms – namely, the PFMRP and the National Programme for Public Administration Reform – D&D (Decentralization and Deconcentration) also plays an important role in strengthening public service deliveries. Under this reform, the Ministry of Interior (MoI) supervises the performance of subnational administrations (SNAs) and supports central government efforts to build their capacity. The MoI also chairs some important subcommittees of the National Committee for Sub-National Democratic Development. Meanwhile, the MEF oversees all budgetary and public financial management matters on this issue. Though the process of the functional transfer under the D&D reform has been both critical and challenging, and overall progress in transferring functions has been slow.

From 2010 to 2015, substantive or well-coordinated reform implementation within key sectors (e.g., education, health, social affairs and agriculture) remained inadequate. In 2015, the RGC pushed for all three tiers of SNAs to

identify specific permissive functions selected from their general mandate.[9] The progress in transferring functions followed ambiguity about the modality of transfer of sectoral service delivery functions theNAs; the functions could be either "assigned" or "delegated" by line ministries to the SNA level.

By 2019, the transfer of functions had focused on administrative functions, with the One Window Service Offices (OWSOs) and the District Ombudsman serving as the conduit of transfer. The OWSOs established one-stop locations to improve the quality of administrative service deliveries. The intention was to improve compliance and enhance efficiency by streamlining back-office processes. All 25 capital and provinces administrations established OWSOs to provide services across 14 sectors delegated from 12 line ministries. In 2019, MoEYS transferred functions to the district and municipality levelin Battambang province, including the transfer of preschool, non-formal education and primary education functions to 14 districts and municipalities.

The RGC has made good progress in shifting resources to SNAs, although financing is still more centralized compared to other countries in the region.[10] Between 2015 and 2020, improvement was made not only in expanding budget reform – in particular programme budgeting – but also in analysing the bottlenecks in public investment management and identifying solutions in the Public Investment Management System Reform Strategy 2019–2025.

In Cambodia, elements of school-based management were introduced gradually since the 2000s, notably financial grants called School Operational Budgets (SOB) provided by the government to cover recurrent school expenditure needs, and School Improvement Grants. These two instruments were replaced in 2019 by the singular SOF for school operations, channeling both government and external funds according to a single financial manual, the SOF Management Guidelines. Each school has received the SOF since 2019, based on its reported student enrolmenthe rate.

The SOF is transferred to the schools' bank accounts as a cash advance through the following process: provincial offices of education (POEs) submit requests to provincial departments of economy and finance (PDEFs) for advances attached to the school expenditure program. The PDEFs check and approve the request, then submit to the provincial treasuries for funds to be transferred into the bank accounts of the individual schools. School reporting is handled by a new IT system (introduced in 2017) through which schools report to MoEYS on resources received, broken down by source (government, DPs/NGOs and communities) and by types of resources (cash and in-kind revenue). The schools record expenditure of all sources of funds and send the report to district

[9] Royal Government of Cambodia, *Sub-decree No. 285 on the Selection, Management and Implementation of Permissive Functions by SNA Councils*, 18 November 2014.

[10] The share of SNA budgets in 2020 is higher in several countries in the region, such as the Philippines at 15%, Thailand at 19%, and Vietnam at 54%, (Organization for Economic Co-operation and Development and United Cities and Local Governments, '2019 OECD-UCLG World Observatory on Subnational Government Finance and Investment', <https://stats.oecd.org/index.aspx?datasetcode=SNGF_WO_2019#>, accessed 10 August 2023) .

offices of education (DOEs). The DOEs consolidate the school reports and submit them to POEs for consolidation and submission to MoEYS on a quarterly basis.

The SOB funding modality has improved substantially, having been greatly simplified since 2015, the number of budget disbursement rounds has been reduced from four to two, though timeliness remains an issue. Regarding the flow of funds and delays in the SOB system, the Public Expenditure Tracking Survey (PETS) conducted in 2017[11] found that, while transfers from the provincial treasuries to POEs were swift and schools usually received their SOB in full from the POEs, timeliness was an issue, especially for first quarter payments, which POEs did not request until April or May, seemingly when they received information from the provincial treasuries that their funds were available.

As the PETS explains it, without funds early in the school year and with most schools having limited or no reserves, school directors have limited options. They may simply delay purchases of often essential school supplies which disadvantages their students, or they may buy on credit or borrow funds. Both of the latter options increase the costs of purchases, often considerably. Local merchants who know they may wait for several months for payment build the costs of the delay into their prices, while borrowing informally may mean interest charges of 2 per cent or more per month.

V. Equity in the education sector

Cambodia has maintained a reasonable gender balance in its primary education enrolment rates for most of the past two decades. A gap favouring boys in the early 2000s has effectively been closed. Since 2014, more girls than boys have tended to enrol in primary school. The current gender-disparity index is 1.01, indicating a negligible difference in enrolment rates between boys and girls. It is not until secondary and tertiary education that the gap widens, favouring males.

Regional disparities in primary education enrolment rates, however, continue to be a feature of the sector. From 2000 to 2008, the urban and rural primary school NERs at public schools followed a common trend, increasing from around 85 per cent in 2000 to 95 per cent in 2008. During this period, the remote primary school NER at public schools increased sharply, from 62.3 per cent in 2000 to 90.3 per cent in 2008. Cambodia at the time claimed that it no longer had any remote locations. The rural primary NER at public schools continued to increase, reaching 99.9 per cent in 2012, and then gradually declined to 94.5 per cent by 2019.

The urban primary NER at public schools, on the other hand, began to decline, and by 2019 was 77.2 per cent. The most likely explanation is that better-off parents living in urban areas started enrolling their children in private primary schools. By 2019, there were 137,637 private primary school students, representing 6.37 per cent of the primary school population. The NER in 2019/20

[11] *Cambodia Education Sector: Public Expenditure Tracking and Quality of Service Delivery Survey*, published byThe World Bank in 2018, was the latest review for the sector. The delay in funds transfer to schools at the beginning of each fiscal year is related to the budget request and approval processes; in some cases these issues were blamed for the late request.

was 97.3 per cent (97.7 per cent for females); the NER for the public schools was 91.0 per cent (91.4 per cent for females); and the NER for private schools was 6.3 per cent (6.5 per cent for females). Private schools have recently started to reach out to the rural, especially semi-urban, parts of the country.

The ESP enlists the following activities and policy actions on special education: to develop an Inclusive Education Action Plan 2019–2023; to provide scholarships for merit students, students from poor families and students with disabilities; to manage the National Institute of Special Education sustainably; to implement low hearing and vision programs and provide materials; to provide training on special education to teachers and student teachers; and to provide adequate teaching and learning materials to all students (including assistive devices to learners with special needs).

Though access to public primary education in Cambodia is free, children's learning outcomes vary significantly according to social structural conditions relating to home location, socio-economic status and the existence of a disability. These matters are now addressed. Also addressed is the extent to which access to a private primary education confers advantages not attainable through the public education system. There is also a large gap between rural and urban schools in terms of Grade 6 completion rates, estimated to be in the order of 10–15 percentage points each year.

National assessment tests in 2016 indicated that, while 62 per cent of Grade 6 students from urban areas were either proficient or advanced in Khmer, only 35 per cent of students from rural areas met this standard. Only 17 per cent of students in urban regions fell below a basic proficiency level in Khmer, but 35 per cent of students from rural areas did so. In mathematics, 61 per cent of students from urban areas were proficient or advanced, compared with only 34 per cent of rural students. One third (33 per cent) of students in urban areas fell below a basic proficiency level in mathematics, but 58 per cent of students from rural areas fell below this level.

The Programme for International Student Assessment for Development (PISA-D) results record a similar pattern, with the rural-urban differences remaining statistically significant even after adjustment for student family resources. Differences were reported in performance on the reading, mathematics and science scales, with the largest differences seen in reading and mathematics. The extent of the rural-urban gap was estimated to be equivalent to more than one year of schooling. Likely reasons for the gap include less school accessibility, higher teacher absenteeism levels, higher transaction costs associated with staying at school and lower-quality teaching for rural students.

Socio-economic inequity is also evident in the results of the Grade 6 assessment tests. Students from better-off families were much more likely to have outperformed students from less well-off household backgrounds. Around 60.6 per cent of Grade 6 students from the top quintile of family socio-economic status were considered proficient or advanced in Khmer, compared with only 24.4 per cent from the bottom quintile of family socio-economic status. Only 16.4 per cent of the top quintile students lacked a necessary mastery of Khmer, compared with 47 per cent from the bottom quintile. The gap was even more pronounced in mathematics. More than one half (55.3 per cent) of students from the top quintile

for family socio-economic status were proficient or advanced in mathematics, compared with less than one quarter (23.1 per cent) from the bottom quintile; and while 39.4 per cent from the top quintile were below a basic level of proficiency in mathematics, the proportion for the lowest family socio-economic status quintile was 73.1 per cent.

Attendance at a public or private primary school was also strongly associated with different performance levels in the Grade 6 Khmer and mathematics tests. In the mathematics test, 67.4 per cent of answers were correctly obtained by private school students, whereas only 48.4 per cent of correct answers did so by public school students. In the Khmer test, 52.1 per cent of students from public school achieved a satisfactory outcome, compared with 72.1 per cent of the correct answers achieved by private school students. PISA-D survey results confirm this pattern. Fifteen-year-olds from private schools consistently outperformed their peers from public schools across the three areas of reading, mathematics and science. The performance difference was estimated to be equivalent to more than two years of schooling, meaning that, on average, the abilities of Grade 6 students in public schools could just match the abilities of Grade 4 students in private schools. Private education's advantage was largely reduced, however, after adjusting for family socio-economic status. Students from better-off households were more highly represented at private than public schools.

Disability is often overlooked as a source of inequity in the education system in Cambodia. There are no reliable data on the number of disabled students in schools. The National Strategic Development Plan 2018–2023 reported that there was no accurate information on orphans, vulnerable children or disabled children in Cambodia. Based on the National Strategic Plan on Orphans, Vulnerable Children and Disabled Children, however, it was estimated that 14 per cent of all children have a disability. According to the Department of Education Management Information System, 11,934 children with disabilities were enrolled in primary schools in 2019/20, of whom 4,906 were female. Two approaches have been taken to improve access to school for children with disabilities. The first is to improve school facilities and teacher capacity to deal with special needs students in regular public schools.

As a result, 42 integrated classes were created for deaf and blind students across 12 provinces. The second approach is to establish special schools for disabled children. Since 2018, five schools for disabled children and an institute for special education training which were previously run by an NGO have been transferred to the supervision of MoEYS. The five special schools enrolled around 700 students annually between 2018 and 2020, of whom about 170 students had vision disabilities and the other 530 were deaf. In each special education school, there are around 30 teachers. The National Institute of Special Education is tasked to train teachers for special schools.

As reported in Cambodia's Education Response Plan to COVID-19, there is a large gap in both primary education attainment and the out-of-school rate for children aged 14–16 with and without disabilities. In 2018, 73 per cent of children without disabilities, compared to only 44 per cent of their peers with disabilities, completed primary school. There was a 7 per cent out-of-school rate for non-disabled children, compared with a 57 per cent out-of-school rate for

children with disabilities. Inequitable access is seen in an adjusted disability index of 1.88, which indicates that children with disabilities are almost two times more likely to be out of school than non-disabled children. Earlier studies by Kalyanpur (2011) and by Hayashi and Edwards (2015) indicated that insufficient attention was being given to the needs of disabled children. As an illustration, in the ESP 2019–2023, the only quantifiable leading outcome indicator relevant to the needs of disabled students was the training of 100 teachers in a special education diploma programme offered by the National Institute of Special Education. Overall, more attention was given to access for children with disabilities than to the quality of their education.

The scholarships, in design and implementation, take good account of equity. Through the School Feeding Program, young students at school are provided meals everyday with the objectives of maintaining their school attendance and addressing the malnutrition problems of young Cambodians. Initially implemented on a small scale at selected schools in remote areas, the RGC has bolstered these efforts by taking over the programme from the United Nations World Food Programme.

The Home Grown School Feeding Programme (HGSF) was intermittently implemented with limited outcomes in the first two years of the ravaging COVID-19 pandemic. In the 2019/20 school year, the HGSF was implemented in 205 primary schools across 6 provinces, where 40,160 students (around 77 per cent of total students) receive regular meals. Though the school closures due to the pandemic have put a pause on the HGSF implementation, MoEYS redirected the budget to administer four rounds of a rice ration programme, offering rice to the families of 49,851 students who are receiving scholarships and/or from poor households. In the first year of HGSF, only 47 per cent of the allocated budget was executed, due to the disruption of the pandemic. Meanwhile, in the first half of 2021 the HGSF programme has been implemented for only five weeks between late March to April, providing meals to 40,145 students in 6 provinces. In terms of budget, only 6.7 per cent of allocated funds were disbursed, given the ongoing uncertainty of school closures.

Despite the COVID-19 challenges, the RGC maintains its efforts to expand the program going forward. From 2022 onward, the budget for meal provision to students is set to increase from KHR 720 to KHR 780 per students for breakfast, while the lunch budget will increase from KHR 1,200 to KHR 1,260 per student. This incremental increase is offset, however, by the recent surge in food prices. The HGSF programme in 6 provinces continues to receive financing from the government; the national policy tool aims to address the malnutrition problem, student retention rates and gaps in education opportunities.

In this regard, HGSF is part of the government's commitment to ensure equal access to education for all – as stated in the constitution – by providing scholarships to students from poor families in all levels of general education. Since 2015, the scholarship programme has been expanded in accordance with needs and the evolving situation. In particular, the planned budget for the scholarship programme grew 33.6 per cent, from KHR 39.4 billion in 2017 to KHR 64.1 billion in 2021. Broken down by education level, primary education received

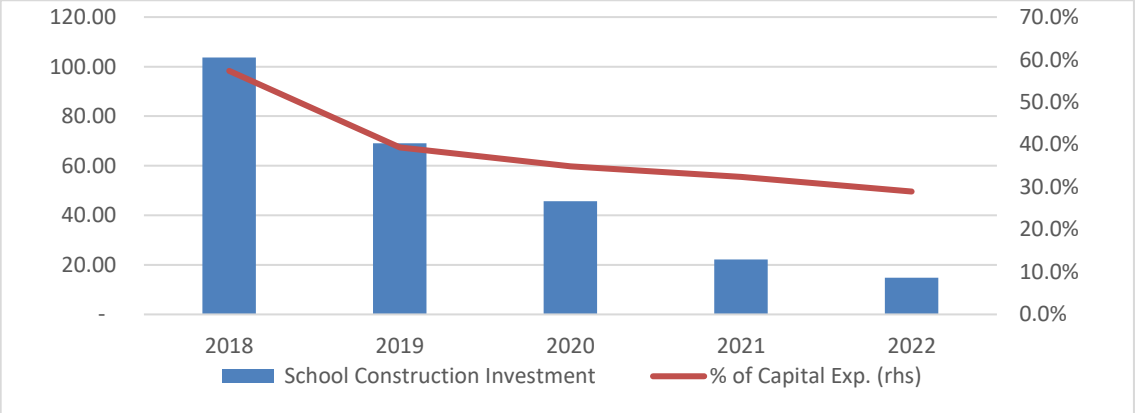
the biggest share of over 50 per cent of the total scholarship budget, while the lower and upper secondary level received 38 per cent and 6 per cent, respectively.

VI. Public investment in the education sector

In the last five years, capital expenditures have been trending downward since 2018 due to the one-off factor as well as the impact of the pandemic. Capital expenditure to MoEYS has dropped between 2018 and 2022 from KHR 732.5 billion to KHR 207.4 billion, representing a -71.7-per-cent decline. The decrease since 2018 can be explained by noting the large base of capital expenditure during the election that year, followed by the trimming down of the budget in the wake of the pandemic, which has hindered the fiscal space of the country. Within the scope of capital expenditures, the domestically financed capital budget has been focused on the construction of school buildings across the country.

Between 2018 and 2022, the building construction budget has gradually dropped proportionately with the trend of capital expenditures. In particular, the construction budget as recorded under the domestically financed capital expenditure has fallen over the last five years, declining from KHR 420 billion (USD 103.7 million) to KHR 60 billion (USD 14.8 million). Moreover, the proportion of the construction budget to the capital expenditure has also dropped from 57.3 per cent in 2018 to around 28.9 per cent this year. Given its correlation to external factors, the construction budget is expected to grow in the following year due to the election cycle.

Figure 20: Construction budget under MoEYS (2018–2022, million USD)



Source: Budget Law (2018-2022)

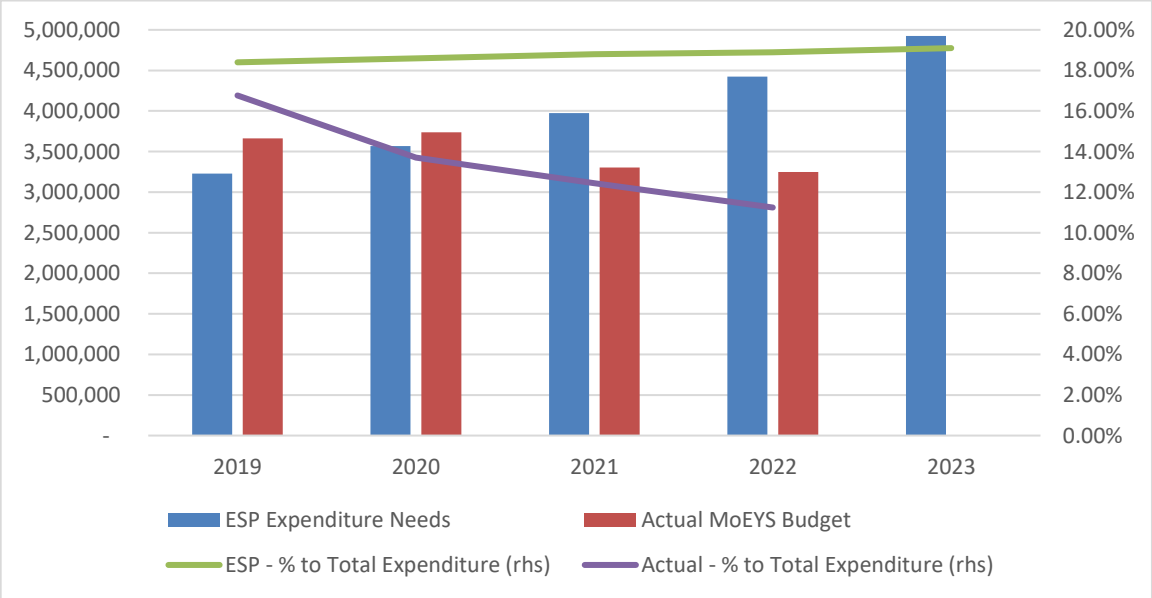
The sudden shift to digital-based learning brought about by the unprecedented pandemic introduced new challenges to the development of the education sector, which requires continuous investment from the public sector. In addition to school building construction, MoEYS must also consider expanding the scope of its digital-based learning platform to bridge the digital divide and also to incorporate digital skills into the curriculum. In 2022, MoEYS also planned a budget of KHR 3,322 million to develop the digital learning and distance learning centre to propel the digital learning agenda in Cambodia's education system.

VII. Financing the education sector

Alongside the RGC, the DPs have always been at the forefront of supporting the development of the education sector in Cambodia through funding. Over the years, local and international DPs have engaged with the RGC to enhance the education sector through various channels and at different levels of education. The continuous support from DPs has strengthened the capacity of the local institutions and in turn improved their autonomy and self-sufficiency in their area of expertise.

Even though the budget has seen slight growth over the years, the education sector remains underfunded. The budget allocation to MoEYS remains below the target set in the ESP 2019–2023. According to that plan, the budget for the education sector needs to be around 18–19 per cent of total government expenditure. The actual MoEYS budget, however, stood at around 16.8 per cent in 2018 and has been trending downward due to various reasons, including but not limited to the COVID-19 pandemic. This year, the MoEYS budget accounts for only 11.24 per cent of the total national budget, far short of the ESP target.

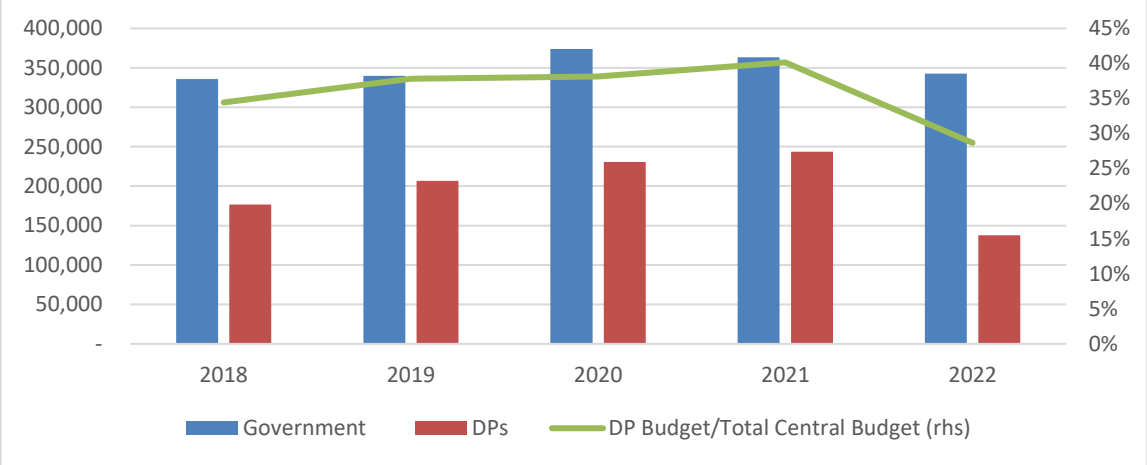
Figure 21: Comparison of MoEYS budget to target in ESP (2019–2023, million KHR)



Source: ESP 2019–2023, Budget Law (2018–2022)

Notwithstanding the increasing allocation from the government's coffers, the DPs remain a key source of financing for education sector development. In the last five years, the DPs' budget gradually increased from KHR 176.5 billion in 2018 to KHR 243.7 billion in 2021 before falling back down in 2022 at KHR 137.7 billion. If compared to the total MoEYS budget at the central level, financing from DPs accounts for 29 per cent in 2022, declining from 40 per cent in the previous year.

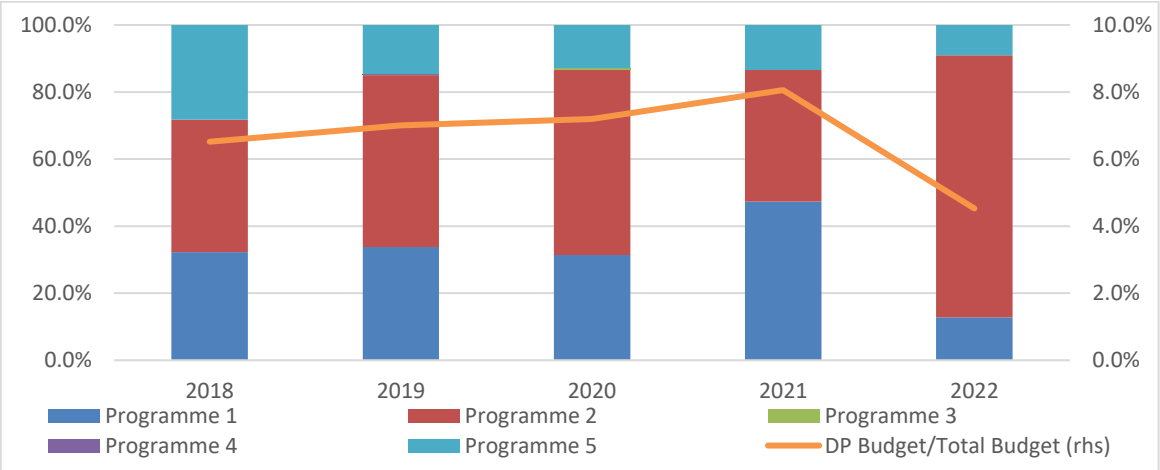
Figure 22: Government/DPs' budget at central level (2018–2022, million KHR)



Source: Annual Operational Plan (2018–2022)

Given the changing socio-economic context, the financing support has narrowed its focus to the key programs aiming to address the key issues in the education system. Over the years, the financing from DPs has touched upon some key programs including primary and secondary education, as well as higher education. In the last five years, higher education has become the key concentration for DPs, growing their share of financing to Programme 2 from 39.6 per cent in 2018 to 78.2 per cent in 2022. This indicates another phase of support from DPs by moving past the general education and focusing on the key issues in Cambodia's education system.

Figure 23: Breakdown of DPs' budget by programme (2018–2022)



Source: Annual Operational Plan (2018–2022)

VIII. Conclusion

In general, MoEYS's budget has eroded as a share of the national budget since 2020. The budget has gradually dropped from 17.3 per cent of the total in 2018 to 11.24 per cent in 2022. The decline can be attributed mainly to the allocation of budget to more urgent and pressing expenses in response to the pandemic. MoEYS's budget as a share of GDP also declined to 2.62 per cent this year, down from 3.45 per cent in 2018. More importantly, MoEYS's budget has trended further away from the financing needs laid out in the Education Strategic Plan 2019–2023; that

plan called for the MoEYS budget to reach 18.9 per cent of the total national budget in 2022, while the actual budget accounts for only 11.2 per cent.

Despite the overall decline in budget allocation to MoEYS, the current expenditure maintains growth in nominal terms. Between 2018 and 2022, current expenditures of MoEYS grew 12.4 per cent. If the surging inflation of the last two years is taken into account, however, the increase might not be justifiable. Among current expenditures, the wage bill continues to grow relative to non-wage expenses. In 2022, wage expenditures of MoEYS amounted at KHR 2,467 billion, boasting 1.3 per cent growth from the previous year, while non-wage expenditures declined around 2.5 per cent. Moreover, the proportion of wage expenditures in MoEYS's total budget continues to grow, reaching 81.1 per cent this year, a gradual increase from 80.6 per cent in 2018. The increase of wage expenditures is echoed by the resumption of teaching personnel recruitment.

The country has, however, struggled to realize its ambitious goals for the education sector. Limited resources have severely constrained what is possible, and deficiencies in leadership and management have not assisted. Optimism remains about the future. Projected investment in the sector over the coming years will progressively increase accessibility and improve quality. Cambodia will hopefully meet various ECE targets for SDG 4 by 2030. There will be a need for firm action, strong dedication and a high level of involvement by all key stakeholders. MoEYS will take a leading role in this regard, with support from important DPs. Having more trained preschool teachers will be critical. There will also be a need to attract and retain well-qualified and capable teachers and administrators in the sector. The physical state of public and community-based preschools also needs to be improved. Perhaps of overriding importance will be the need to establish a national quality standard, for example for ECE.

Cambodia now has no problem getting primary school-aged children into primary schools, as indicated by the current enrolment rate of 97.3 per cent. This outcome reflects a strong commitment to the expansion of the sector over the past three decades. Despite progress made in expanding access, improving primary education quality and equity remains a significant concern. Achieving success in these areas is attainable and will require more strategic, participatory and systematic interventions. Good national planning, careful execution of the plan at all levels of the bureaucracy and strategic investment from the government will hold the key, and sustained support and meaningful engagement of teachers, school principals, parents, communities and private education businesses will be the core driving forces. A national champion of reform urgency and transformative leaders at all bureaucratic levels will help speed up the reform.

The current education reform has raised optimism among reform-minded educators and DPs to levels not seen in a long time. To a large extent, this optimism derives from strong leadership at the highest levels that is, at last, willing to take major political risks to achieve significant change in the work culture at many school levels – primary to upper secondary. For the first time, current educational reforms are moving beyond access concerns to focus on educational quality and governance issues that have the potential to bring Cambodia's education system into the twenty-first century. The reforms have a greater air of realism that recognizes the variability among schools, particularly concerning good

governance. This has led to greater commitments to a strategy of employing multiple development tracks of investment, using different gradations of good governance as a key criterion for high or low investment pathways.

Annex 1: Budget of Ministry of Education, Youth and Sport by economic classification (2018–2022, million KHR)

	2018	2019	2020	2021	2022
Total Current Budget	***2,705,456.5***	***2,949,604.0***	***3,207,220.0***	***3,024,413.0***	***3,040,826.0***
Chapter 64 - Wage	*2,180,746.5*	*2,354,354.0*	*2,583,974.8*	*2,436,666.0*	*2,467,580.3*
Sub-total Non-Wage Budget	*524,710.0*	*595,250.0*	*623,245.2*	*587,747.0*	*573,245.7*
Chapter 60 - Purchase	169,093.5	222,754.4	191,499.6	185,885.6	179,395.7
Chapter 61 - Service	194,788.3	191,654.8	239,705.7	204,679.4	172,803.1
Chapter 62 - Social Benefits	160,155.3	172,874.3	191,134.2	196,245.6	211,004.7
Chapter 63 - Taxes	402.0	376.0	334.5	288.0	296.8
Chapter 65 - Subsidy	270.9	7,590.5	571.2	648.4	9,745.4

Annex 2: Budget of Ministry of Education, Youth and Sport by economic classification (2018–2022, million USD)

	2018	2019	2020	2021	2022
Total Current Budget	***668.01***	***728.30***	***791.91***	***746.77***	***750.82***
Chapter 64 - Wage	538.46	581.32	638.02	601.65	609.28
Sub-total Non-Wage Budget	129.56	146.98	153.89	145.12	141.54
Chapter 60 - Purchase	41.75	55.00	47.28	45.90	44.30
Chapter 61 - Service	48.10	47.32	59.19	50.54	42.67
Chapter 62 - Social Benefits	39.54	42.69	47.19	48.46	52.10
Chapter 63 - Taxes	0.10	0.09	0.08	0.07	0.07
Chapter 65 - Subsidy	0.07	1.87	0.14	0.16	2.41

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