

Report of Budgeting on Education

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Economic Literacy and Budget Analysis

Womyn's Agenda for Change

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1. Introduction on ELBAG

The Economic Literacy and Budget Analysis Group (ELBAG) seeks to examine finance related to budget allocation. This entails budget tracking of both national budget and other incomes from donors and foreign aids.

ELBAG Cambodia has been working on investigating and scrutinising the budget for education as its first study. The researcher will endeavour to obtain sources and data which will exhibit government allocation of the budget to the levels of education as well as the actual expenditure of budgets within the Ministry of Education, Youth and Sport. Where possible we have provided information on the education system and its programs. This will allow us to see government budget flows and furthermore, to ascertain and conclude if the money is spent according to the needs and benefit of all boys and girls or not.

Moreover, this research will form the basis of producing simplified versions of the content for public consumption, with particular emphasis on neo-illiterates. It will further seek to assist people to understand and think about the process of allocation of the budget for each sector. This is important to enlighten the public on how the state decides to spend its money and where does foreign Aid, loans and grants put their money and why? And what do they demand in return? This may shed light on a common question raised by the people, why the government's budget and foreign is aid not effective or sufficient in improving Cambodia. This process may surface barriers or causes that we are not aware of. The research will unveil the answers to the questions posed and subsequently share this with the public to challenge in democratic spaces.

The budget should not escape the scrutiny of the people. Unlocking the budget and opening the floodgates of information is an important task for social action groups. So, budget analysis should be perceived as a means towards transparent and accountable government that would ensure equity and justice to the marginalized millions in the country. After all we elect our representatives, during elections, however, it is our duty as citizens to keep the governments responsive to our needs 365 day per year every year and if they do not do the right thing for us we will vote them out next time, this is democracy, without us it can not work.

The budget is an articulation of existing power relations in society. While the mass media shares the same interests as corporations and is supported by the elite and middle class; they may project a budget in a positive light, for example they are very clever to protect the astronomical interests of big business, and they are very clever indeed in justifying 100 billion USD American government budget allocation towards the war in Iraq, whilst 21% of their population is illiterate and 22% of the population has no health insurance, however, they continue to do this despite public opposition.

Hence this research will illuminate the impact of such as budget on the lives of ethnic minorities, marginalized people, women, the unorganized, the rural poor and slum-dwellers, whom are too often ignored. Even when the budget's impact on the poor is studied, it remains an academic exercise, scarcely ever reaching the common people. It's no wonder then that the budget needs demystifying and dismantling, in order for

ordinary people to participate in the process, questioning and changing the budget in favour of the most deprived¹.

2. Education share of GDP for 2003-2004

Previously, the state was solely responsible for all levels of education, however this changed when Cambodia opened up to the world in the early nineties and its election in 1993, Cambodia went through a closed market economy to an open market economy and with it came the adoption of a neo liberalization system. Opening the country to foreign investment, this includes services, such as education and health. The Structural Adjustment process spun in motion with the PRSP (Poverty Reduction Strategy Papers). Thus, most of the universities are run by the private sector. Only a few universities remain under government control. Primary and secondary education is reformed to introduce what the World Bank refers to as 'cost recovery' which simply means pay and receive. This World Bank model has had an enormous effect on children's access and retention in school. The limitation of this paper lies in this question of what are the policies and conditions that decide where the money goes.

The latest available statistics highlights Cambodia's real GDP growth is 5.3 percent in 2003. The economic growth was predicted to be stronger for 2004, possibly as high as 7 percent. The main contributors to this growth is garment sector exports, (which is 96% foreign owned) and tourisms.

Even though, GDP is increasing over the two years, it is not an indicator of the general well being of the population, we still need to ascertain where does the money go? How is it distributed? for who? etc GDP is not a measure of population wealth and it cannot be assumed there is no poverty and suffering. It may just be an indicator of the wealth generated by few individual companies who can produce or earn much more than 95% of people who face hunger.

2.1 Budget Allocation for Priority Sector, 2002-2007²

The stated task of government is to ensure that budget allocations match with policy statements, that is, the poverty reduction strategy papers. This poses a challenge for Cambodia. In this regard, the Royal Government of Cambodia recognizes that more needs to be done to ensure strategic efficiency of the budget. The National Assembly and the Senate have an important role to play in linking policies and strategies to the budget.

There are many sectors in Cambodia competing for the label of 'priority', often those sectors deemed to be of priority do not receive as much as they need in order to really be efficient and effective, such as health and education. Cambodia still has some of the highest illiteracy and infant mortality rates in the region.

¹ UNDERSTANDING THE BUDGET: as if people mattered, National Centre for Advocacy Studies Pue, 1998

² <http://www.mef.gov.kh/SpeechDr.Naron/2004/nprs2004.htm> , page 36, 22 Dec 2006

<http://www.adb.org/Documents/Books/ADO/2004/cam.asp>

**Table 1: Budget Allocations for Priority Sectors, 2002-2007
(High-case Scenario, in Billion Riel)**

	2002*	2003*	2004	2005	2006	2007
Current expenditure	1574.91	1758.11	1888.39	2148.55	2376.43	2666.52
Health	164.39	172.97	227.55	242.57	279.47	313.32
Education	289.67	300.46	354.45	377.71	420.87	469.84
Defense and security	406.75	411.01	431.87	438.52	459.36	497.57
Agricultural sector	69.91	69.77	87.05	104.20	126.43	146.66
a. Agriculture	39.65	39.02	47.59	56.94	65.59	74.40
b. Rural development	18.40	16.90	23.42	28.36	32.79	37.06
c. Water Resources	11.86	13.84	16.05	18.91	28.04	35.20
Public Works and Transport	12.94	14.03	15.30	18.05	25.19	31.46
Women's Affairs, Social Affairs, Veteran and Youth Rehabilitation	64.62	71.72	72.51	77.99	95.53	107.99
Justice	7.20	11.10	12.65	18.05	19.49	22.13

* Outturn

Source: Ministry of Economy and Finance

Despite the shortfalls, the Royal Government of Cambodia plans to increase between 2004 and 2007 the budget for health, education from 227 billion riel and 354 billion riel, 313 billion riel and 469 billion riel respectively. Allocations for the agricultural sector will increase from 87 billion riel to 146 billion riel. Allocation for the Ministry of Women's and the Ministry of Social Affairs, Veteran and Youth Rehabilitation will increase from 72 billion riel to 107 billion riel to 22 billion riel.

Indeed, the government attempts to increase the amount of budget for each sector but where does the budget come from? As stated before is an increase good enough? If there was an avenue to seek further funds from loans of foreign grants is the government able to make decisions about how they use foreign funds or do the conditions limit and undermine the government's ability? For poor countries like Cambodia which are 60 to 80% reliant on foreign aid,

how does this directly link and affect its sovereign decisions. Apart from the government of Cambodia, what other factors have possibly a bigger role in deciding allocation of funds and for what reforms and programs. To answer this pertinent question one must look at who writes the policies that govern budget allocation and reforms, the answer is the IMF and World Bank. The document is the PRSP and the reforms are found in the Policy Matrix. They are major players because the government needs 60 to 80% of its revenue from these banks that is the ADB, WB, and IMF...

2.2 Budget Expenditure of Priority Sectors³ in 2004

According to provisional budget implementation figures from the Ministry of Finance, the country's key ministries of health, education, and rural development commonly under spend their budget allocation. Why most of all ministries cannot use all budgets as they planned? The Health Minister said that the ministry may have difficulty getting access to its allocated budget due to excessive bureaucracy at the Finance Ministry. He added that there are many steps at provincial and central level to get the funds. But it can also be these ministries do not spend the money or it could not be spent as they planned because they were not able to follow the reforms that were required as part of the agreement to obtaining the loans as a signatory of the PRSP?

In 2004, Ministry of Health had spent US\$20.1 million, (35 percent), of the US\$56.9 million that it had been allocated; Ministry of Rural Development spent US\$1.9 million, (33 percent) of the US\$5.9 million it was allocated. The Education Ministry spent US\$50.7 million, (57 percent), of the US\$88.7 million it was allocated; the Senate spent US\$3.9 million, (83.5 percent), of the US\$4.7 million it was allocated; Ministry of Defense spent US\$52 million, (75 percent), of the US\$69.5 million that it was allocated. The Ministry of Social Affairs, Labor and Vocational Training spent US\$5.8 million, (68 percent), of its US\$8.6 million budget; and Ministry of Finance spent 62 percent of its 2004 budget – or about US\$5 million, between January to November 2004.

On the other hand, the National Assembly on December 23, 2005 approved 3,814.12 billion riel (US\$926.65 million) for government expenditure in 2006, from last year's 3,168.60 billion riel (US\$772.82 million). The biggest portion of the 2006 budget went to the Ministry of Defense, with 311.36 billion riel (US\$75.64 million), followed by the Ministry of Interior with 196.37 billion riel (US\$47.70 million). The Ministry of Education, Youth and Sport gets 442 billion riel (US\$107.38 million), the Ministry of Health 260.97 billion riel (US\$63.40 million), and the Ministry of Social Affairs, Veterans and Youth Rehabilitation 110.84 billion riel (US\$26.93 million). The Ministry of Rural Development receives 33.20 billion riel (US\$8.06 million), and the Ministry of Agriculture, Forestry and Fisheries 56.81 billion riel (US\$13.80 million).

³ -*The Cambodia Daily*, July 14, 2005: Key Ministries Show Spending Gaps in 2004
- *Phnom Penh Post*, Dec 30 2005-Jan 12 2006: Debt Burden Clouds the Silver Lining, "National Assembly, Dec 23, 2005"

This reflects real government priorities almost globally, that internal security and defense are deemed by governments to be most important. However, without the knowledge of the people, it would be difficult for the public to raise objection to this reality. Many mothers and fathers for example would prefer a better health and education system for the benefit of their children and indeed the entire family if the parents have to pay less or nothing for health and education.

This further raises what is the money being spent on, so if we can see how much money is allocated to the various sectors, it is important that we understand and investigate what exactly is the money used for?

3. Donors

According to resources from the Ministry of Economics and Finance⁴, the multilateral aid donors to the education sector include:

The Asian Development Bank (ADB), which provides assistance with textbook development and technical training.

The UN family, including UNICEF, UNDP, UNFPA and UNESCO. Parts of their respective country programs are implemented by ILO and UNDP/CARERE.

The World Bank, which is studying the feasibility of granting loans to Cambodia.

European Union through PASEC, which has just completed the first phase of its country program. The second phase is ongoing for the next 2 years.

These donors will require the government of Cambodia to spend there money on the programs outlined in the PRSP under the sector of education. One such program is the 'user fee' program. Often most of this money will then go towards highly paid foreign consultants that are needed to change the ministries internal system to enable them to charge their citizens. Accompanying this, are many research reports, conducted by overpaid foreign consultants, and truck loads of policy manuals in English which remain on shelves.

Bilateral donors for education include:

Francophone and Institute of Technology of Cambodia with:

- ACCT (Agence de Coopération culturelle et Technique)
- AUPELF-UREF (Association des Universités Partiellement et Entièrement de Langue Française et Union des Réseaux d'Expression Française).

AusAID (Australian Agency International Development).

Japan through: JICA (Japan International Cooperation Agency).

⁴ http://www.moeys.gov.kh/profile/edu_in_cambodia/finance_community.htm

ODA/UK through: CfBT - CBC.....
Germany through: GTZ - Don Bosco
China: Sport project
Russia: Scholarship
Vietnam: Scholarship

Aid for education is also channeled through NGOs such as:

Redd Barna (Norway)
Care International (USA - Australia)
JSRC, JIVC,.....Japan
ASAC - Japan
Taipei Overseas Peace Service (TOPS).
Enfant du Camboge
ICS (Netherlands)
Assemblies of Gods
Pour un Sourire d'Enfant
SIPAR
Quaker Service Australia
Lutheran World Service
Don Bosco Foundation
VSO (Voluntary Service Overseas)
World Vision
New Huymanity

Often NGO's have become part of the problem and not the solution, because they also act as sub-contractors doing the job of the government with the difference that the NGO will end its work when the funds dry out, however the government is in it for the long term.

3.1 Fact sheet of ADB⁵

The Asian Development Bank (ADB) is a multilateral development finance institution owned by 63 members, 45 from Asia and Pacific and 18 from other parts of the globe. They claim that the overarching goal of ADB is to reduce poverty. To achieve this, ADB supports activities in its developing member under its long-term strategic framework (2001-2015). It takes into account in its activities three crosscutting themes: private sector development, regional cooperation, and environment sustainability. ADB's principle tools are loans, grants, and technical assistance, which it mainly provides to governments for specific projects and programs.

What the ADB does

⁵ <http://www.adb.org/Documents/Fact-Sheet/CAM.asp>, Data as of 31Dec 2003/2004, (22 January 2006)

- A Multilateral Development Bank (MDB) which aims to promote economic growth and cooperation in the Asia-Pacific region
- In 1999, ADB approved Poverty Reduction Strategy (PRS) which has become ADB's 'overarching goal'
- Provides funds development projects of governments and private firms in Developing Member Countries (DMCs) in the form of loans, investments, guarantees and technical assistance

ADB lending Portfolio

- As of end-2001, cumulative total of **US\$93.3 B for 1,684 projects**; in 2001:
 - 27% Transportation & Communications
 - 14% Multisector
 - 12% Energy
 - 11% Agriculture & Natural Resources
 - 9% Social Infrastructure
 - 2% Industry, Non-fuel Materials
 - 14% Others

Top Ten Shareholders

- Japan 15.9%
- US 15.9%
- PRC 6.6%
- India 6.5%
- Australia 5.9%
- Indonesia 5.5%
- Canada 5.3%
- South Korea 5.1%
- Germany 4.4%
- Malaysia 2.8%

Top ten Borrowers

- Indonesia 19% (\$18.3B)
- Pakistan 12% (\$11.4B)
- PRC 12% (\$11.3B)
- India 11% (\$10.4B)
- Philippines 8.5% (\$8B)
- Bangladesh 7% (\$6.5B)
- Korea 6.7% (\$6B)
- Thailand 6% (\$5.3B)
- Sri Lanka 3% (\$2.7B)
- Vietnam 2% (\$2.3B)

The ADB's development model which is largely economic growth, albeit now 'pro-poor' is also non-transparent, non-participatory, and an unaccountable institution. It is self explanatory who controls the ADB and who is enslaved by it.

3.2 Loans, Technical Assistance, and Grants education

Cumulative ADB lending to Cambodia on some of the sectors for December 2004 was totally US\$480.2 million.

The lending to the education was US\$123.0 million (14.6%); US\$40.0 million (4.8%) for health, nutrition and social protection, and it went to agriculture and national resources of US\$88.6 million (10%). We could not comment on this because it does not show the project of each sector to be more clarification especially in the education. But we saw that we can see that the number of loan to education is 4 times more than the health sector with US\$83million over amount.

Table2: Breakdown of cumulative ADB lending to Cambodia for December 2004

Sector	Loan (Number)	Loan Amount (US\$ million)	Percentage ^a
Multisector	5	191.0	22.7
Transport and communication	4	173.0	20.6
Education	6	123.0	14.6
Energy	4	92.8	11.0
Agriculture and National resources	5	88.6	10.5
Water supply, sanitation, and waste management	3	46.3	5.5
Finance	3	40.0	4.8
Health, nutrition, and social protection	2	40.0	4.8
Industry and Trade	2	35.6	4.2
Law, economic management, and public policy	1	10.0	1.2
Total^b	35	840.2	100.0

^aTotal may not add due to rounding.

^bIncludes loan components of regional projects in Cambodia.

Table3: Co financing of ADB arranged for Cambodia from 1999/2003 and 2000/2004 comprised

	1999-2003	2000-2004
Loans:	11 loan projects, co financing of US\$117.68 million	10 loan projects, co financing of US\$110.82 million
Official:	10 loan projects, co financing of US\$113.84 million	9 loan projects, co financing of US\$106.98 million
Commercial:	1 loan project, co financing of US\$3.84 million	1 loan project, co financing of US\$3.84 million
Technical Assistance/Grant	15 projects, co financing of US\$20.80 million	18 technical assistance projects,

Components of Loan Projects:		co financing of US\$21.62 million
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In February 2002, the Asian Development Bank (ADB)⁶ approved a US\$3 million grant to enroll more poor girls and children of ethnic minorities in lower secondary education. The grant came from ADB's Japan Fund for Poverty Reduction (JFPR), financed by the Government of Japan. The project was used to build the capacity of central, provincial, district and community level institutions to set up mechanism to administer and monitor scholarship programs. It financed a project to increase awareness – in the Ministry of Education, Youth and Sport; in the private sector; and among communities – of indigenous children. The programme aimed to reach about 15,000 beneficiaries, of whom about 95% are girls. The project costs of about US\$3.5 million which is largely borne by ADB, with the balance from the government, non-government organizations, and international aid agencies.

By the other hand, the ADB also approved US\$1.87 million grant by February 2005 also from the JFPR, for an innovative project that help ensure children, especially girls, in six of the poorest provinces in Cambodia such as Koh Kong, Kratie, Mondulkiri, Preah Vihear, Ratanakiri and Stung Treng have access to primary education.

All incomplete schools in these provinces and 150 disadvantaged communes are eligible to apply for the grant, which range from US\$1.000 to US\$3.500, depending on the nature of the proposed activities. The schools can propose activities such as school enrolment and attendance campaigns, small-scale classroom expansion and rehabilitation, provision of safe water supply and toilets, and library initiatives to help retain poor children in the upper grade.

The government contributed \$200.000 toward the total project cost of US\$2.87 million. The beneficiary communities also contributed US\$300.000 equivalent, and other aid agencies and non-government organization partners contributed US\$500.000 toward the total project cost.

The ADB shows that the project helps to reduce poverty in the most disadvantaged provinces by boosting access to primary education and cutting back dropout rates among the girls at poorest communes who do not earn completely of grade 1 to 6. And the project aims to provide training to about 3,400 people and grants totaling US\$1.2 million to 340 schools over a three-year period. Moreover, it also extends and consolidates previous ADB assistance in education sector, including the Education Sector Development Program as well.

Presenting the law on Financial Management 2006 – the budget to the National Assembly on 23 December 2005, the Finance Minister told the parliamentarians that although the International Monetary Fund (IMF) had granted Cambodia 100 percent debt relief from January 2006 on all debt incurred by Cambodia to the IMF before January 1, 2005 – about US\$82 million. But the country still faced difficulty in repaying debts to the ADB of US\$500 million, and WB about US\$570 million that it had accumulated since 1992 according to the bank.

⁶ <http://www.adb.org/Documents/News/2002/nr2002222.asp>

Cambodia has qualified for IMF debt relief because of Cambodia overall satisfactory recent macroeconomic performance, progress in poverty reduction, and improvement in public expenditure management as the resident representative of the IMF had mentioned. This extremely relates to the PRSP policy, and also government needs to make a strong effort to reform and commit to the rectangular strategy as follows the Enhancement of Agricultural Sector, Continued Rehabilitation and Construction of Physical Infrastructure, Private Sector Development and Employment Generation and Capacity Building and Human Resource Development as it is done in the PRSP as well.

4. Education in Cambodia

4.1 Primary education⁷

Primary education is the first level of education in the country's education system in Cambodia. According to the Ministry of Education, Youth and Sport (MoEYS) showed that schools were reopened in early 1979 after the collapse of the Khmer Rouge regime. Through the strong joint efforts of the community, local authorities and the MoEYS, an education system was re-established.

Table4: General Education, 1997/98-2002/03

	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
Number of students1/	2,314,823	2,402,167	2,553,229	2,796,873	3,170,492	3,291,296
Primary education 2/	2,011,772	2,094,000	2,211,738	2,408,109	2,705,453	2,747,411
Secondary education	303,051	308,167	341,491	388,764	465,039	543,885
Junior high school 3/	229,102	226,057	233,278	283,678	357,635	415,703
Senior high school 4/	73,949	82,110	108,213	105,086	113,404	128,182
Number of schools	5,501	5,643	5,777	6,130	6,283	6,509
Primary education 1/	5,026	5,156	5,274	5,468	5,741	5,915
Secondary education	475	487	503	662	542	594
Junior high school 2/	350	355	363	511	379	411
Senior high school 3/	125	132	140	151	163	183
Number of teachers	69,684	71,543	73,304	76,120	79,403	71,263
Primary education 1/	48,460	49,400	50,188	52,168	54,519	48,433
Secondary education	21,224	22,143	23,116	23,952	24,884	22,830
Junior high school 2/	17,388	17,570	18,020	18,952	19,650	17,423
Senior high school	3,836	4,573	5,096	5,000	5,234	5,407

Memoranda items:

⁷http://www.moeys.gov.kh/profile/edu_in_cambodia/access_participant.htm, "22Dec 2006"

Students per teacher	33	34	35	37	40	46
Primary education 1/	42	42	44	46	50	57
Secondary school	14	14	15	16	19	24
Junior high school 2/	13	13	13	15	18	24
Senior high school 3/	19	18	21	21	22	24

Source: IMF country report-October 2004

1/ Excluding technical and vocational education and higher education

2/ First to sixth grade

3/ Seventh to ninth grade

4/ Tenth to twelfth grade

In the last five-six years of 1997-98 school years, the country has a total of 5,026 primary schools, 350 lower-secondary schools and 125 upper-secondary schools. Of the total number of primary schools, about 50% do not have the complete range of grades (Grades 1 through 6) for the primary cycle. Children who live far away from a school with the complete range of grades find very hard to continue learning and some of them inevitably become dropouts.

Due to budget constraints there is little hope of ensuring equal opportunity for every child to receive a 9-year basic education in the very near future. Problems are still found in education network, such as poor services of education delivery and a large gap in education quality between urban schools and rural or remote schools. The school-age population has increased in the 1997-98 school year and the net enrolment rate in primary education for the whole country is 78.3%. In other words, about 21.7% (or about 0.4 million) of the population aged 6-11 remain outside the school; some received only 1-2-3-4 or 5 years schools. A very good number of children who already had changed to complete lower grade, become drop-outs due to many causes, including the incomplete range of grades for the primary cycle. The situation is worse in remote provinces as the net enrolment rate is even lower than 50%.

Because of poverty, shortage of labor in the family and the low level of education, certain segments of the population perceive that education is not imperative for themselves nor their families. According to survey on "Girl's Education" jointly conducted by Department of Planning, MoEYS, and CARE International in July 1998, those who achieved primary education level do not earn much more than those without education. However, those who complete lower secondary school always receive higher income than those who complete primary schools, according to the same survey.

4.2 Situation of women and children

With the demise of the Khmer Rouge in 1998 and the formation of a new, stable coalition government, security improved, providing opportunities for

peace, development, tourism and foreign investment. Half of the national budget is still ear-marked for security and defense and military personnel far outnumber civil servants. The legal system is still under development and existing laws are often not implemented, including legal courts, undermines the state of law.

Destroyed by decades of war, civil strife, political instability and economic depletion, the infrastructure, human capital and social services are slowly being rebuilt. Low, sub-survival salaries for health and education personnel undermine professional commitment. The categories of poor are urban migrants, returnees and families headed by young females. Illness continues to push large numbers deeper into debt and destitution because of the high cost of health care. School enrolment is almost equal in the lower grades, but fewer girls complete four grades of primary school. At secondary level, the percentage of girls drops sharply and is very low at university level.

During the last five years there have been considerable improvements in road infrastructure, power and water supply reliability, human resources, tax and customs administrations, airport terminals, expansion in telephony network, macroeconomic stability, peace and security. This opens up economic opportunities for the private sector. Private schools are setting up. There are only a few number of students from the middle class can access this high cost of school fees.

There is a shortage of school buildings and learning centres, class sizes are often excessive, the number of actual teaching/learning hours is inadequate, new curricula are not yet fully implemented, minimum learning and school performance standards are not in place, and there is a shortage of core and supplementary teaching materials. Teachers are often not qualified and are ill motivated due to low salaries of 20-US\$25 per month, and poor working conditions. The socio-economic and professional statuses of teachers are poor, so that teachers forced to ask 200-300 riel from each student everyday.

The National Constitution provides for free primary and lower secondary education in public schools. However, private sector contributions are allowed to make up for the lack of public resources (Bray 1998). Of those aged 3 to 5 years old, 94 percent do not attend pre-school. Approximately 55 percent of all primary schools offer all six grades. Net enrolment rates are still low at all levels. According to statistics of the Education Management Information System (EMIS), the net enrolment rate during the academic year 2000-2001 was 84 percent at primary level (81 percent for girls and 87 percent for boys), 17 percent at lower secondary (14 percent for girls), and 8 percent at upper secondary level (5 percent for girls). EMIS reported pupil-teacher ratio at primary level is 53.

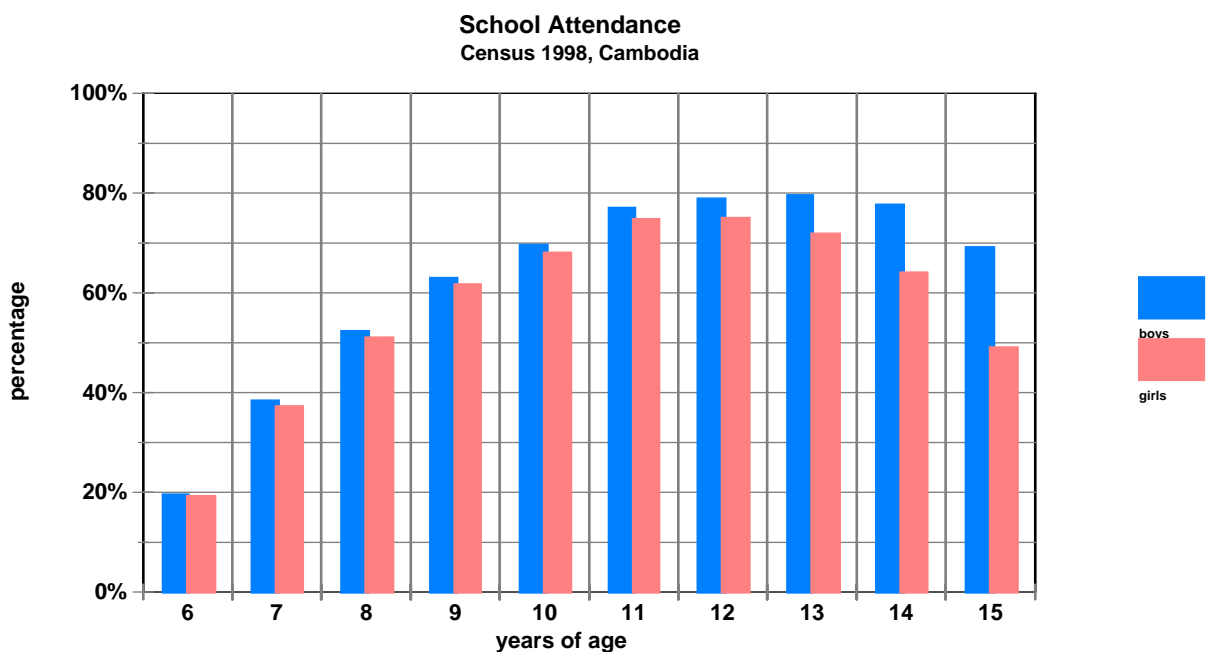
Most children who start school bear the consequences of neo - liberalism, resulting in high repetition and drop out rates. Down seizing of the civil servants leads to less teachers employed in the state system as they prefer to work for the private sector that pays better and is located in the capital city.

A study conducted by Kampuchea Action for Primary Education (KAPE) in 2000 reported particularly high repetition rates in grades one and two, at 38 and 24 percent respectively. With a coefficient of efficiency of the primary education system estimated at only 44 percent, this study concluded that it takes on average 13.6 years to produce a primary school graduate. The most recent EMIS data (2000-2001) report a significant drop in the repetition rates for grade one and two, at 29 and 18 percent, which is mainly a result of last year's Priority Action Program (PAP) remedial teaching programme.

One of major concern is the low primary school attendance rate, particularly for the very youngest of school-aged children and especially girls (see graph 1). According to the 1998 census only 20 percent of six years old, and around 40 and 50 percent respectively of all the seven and eight years old children were attending school. Reported rates of attendance in Cambodia are considered to be rather unreliable (McLaughlin and Sprechman, 1999). Yet, with regard to school attendance, a UNICEF supported research study in 5 provinces found that 18 percent of households reported that their children had been absent from school for 30 days or more in the previous academic year (KAPE 2000). The study further found that the primary mediating variable determining a child's promotional status in the education system is itself attendance (KAPE 2000).

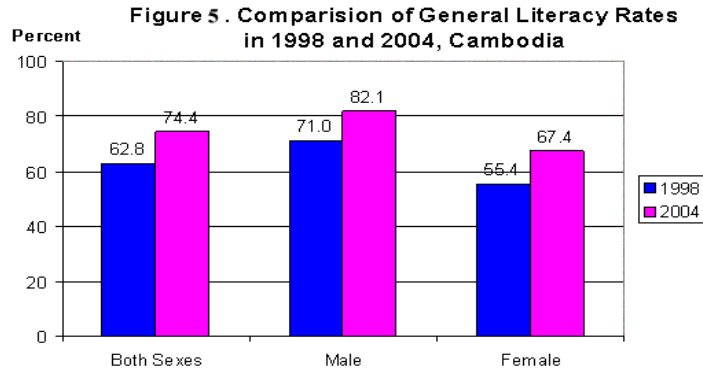
At all levels of education, students from the poorest families are under-served and under-represented. Cambodia is faced with a clear gender gap for most of the access and quality indicators. The gender gap for net primary enrolment stands at 6.2 percentage points for the academic year 2000-2001. The percentage female students at pre-school level are 50, for primary 46, for lower-secondary 37 and for upper-secondary level 32. Boys and girls at early primary level appear to have initially almost equal schooling opportunities. However, around the Age of eleven, girls start lagging behind boys (CARE 1998). At the same time, girls have higher labour force participation rates than boys during their teenage years suggesting that financial factors outweigh attitudinal ones in explaining the gender gap.

Graph1:



At secondary school, attending school means travelling long distances. Boys have the option of staying in nearby pagodas, but there is no provision of separate dormitories for girls. Parents' perception of the relevance and return from girls' education, as well as of the cost of education also influences their decision-making. All the above indicates that girls are clearly hampered in playing a full and equal role in the social, political and economic development of the country. Coupled with economic and social discrimination and the widening gap between the rich and the poor exacerbate an already precarious situation.

According to the 1998 Census, the national literacy rate among men is 79 percent, while for women it stands at 57 percent. These figures may even understate the size of the problem, as a 1999 study by MoEYS/UNESCO concluded that the overall functional literacy rate was only 37 percent, with a substantially higher proportion of women than men being completely illiterate. Approximately 80 percent of the poor live in households headed by individuals with little or no schooling at all.



5. Analyzing

According to the percentage of the expenditure to the Ministry of Education between 2003 and 2004 decreased 22 percent of its allocated. Increases in budget allocation are evident in the Ministry of Defense and Security. Table 2, from 406.75 billion riel (US\$101.68 million) in 2002, to 411.01 billion riel (US\$102.75 million) in 2003 if compare to the Educational Ministry of 289.67 billion riel (US\$72.41 million), and 300.46 billion riel (US\$75.11 million), and 164.39 billion riel (US\$41.09million). In 2006 of the provisional budget, illustrates the major portion is allocated to the Ministry of Defense, receiving US\$75.64 million, and the Education Ministry receives US\$107.38 million.

The PRSP conditionality dictates that services are privatized and unfortunately the so called priority service sectors are the victims. This system operates on the premise that the public sector is inefficient in delivering services to the people therefore the private sector in all its business wisdom and goals to make profit is perfectly placed to provide and care for citizens. Thus, the government budget will eventually be used to assist the transition of this process from public to private and other problems and issues such as retention rates, girl child discrimination, and high illiteracy will sort itself out, has in order to cutout into those sectors through the civil servants, including the military. It is the barriers that government cannot decide on its own or are not able to increase the money to the priority sector as people needs.

The budget allocation to the Agricultural Ministry is 39.65 billion riel (US\$9.91 million) to 39.02 billion riel (US\$9.75 million) according to the figures in Table2 in the same year of 2002 to 2003, and 18.40 billion riel (US\$4.60 million) to 16.90 billion riel (US\$4.22 million) to Rural Development.

Key spending in 2004 by the Ministry of Rural Development was US\$1.9 million of the US\$5.9 million it was allocated. However, in the budget approval of 2006 of the National Assembly, the Ministry of Agriculture, Fisheries, and Forestry is US\$13.80 million, and Ministry of Rural Development is US\$8.06 million less than the others.

In the PRSP, the policy on agriculture is to covert to agribusiness, and to privatize the current government owned enterprises such as the rubber plantations. These are suicidal policies for a country like Cambodia whereby 85% of the population survive on subsistence farming and have small holdings. Agricultural in Cambodia is a means of survival and livelihood and not business. Furthermore, in Cambodia's signature to the WTO it gave up its right to provide subsidies to its farmers, this makes farmers vulnerable to crises, often the consequences are high debts and land loss.

Cambodian farmers can not compete with heavily subsidized agricultural products entering the country and flooding the market. These links between budget analysis and policies or conditions imposed on countries that change the system of the state must be analysed and linked more closely to be able to conclude if the wrong model allows or does not allow for appropriate and equitable budget allocation.

6. Conclusion

Figures alone do not indicate the well-being of the people. The same numbers and calculations do not illustrate the programs that are implemented with the funds. Therefore we must be cautious when we see increased budget allocation for sectors such as Education and Health, this does not guarantee that more children will receive a high quality education, it can mean that more foreign consultants will expand their bank accounts or personal assets, or the project on education assistance will be linked to an ADB loan on water – privatization, simple conclusions can be misleading, this is why the public must be informed. Furthermore, it is alarming when sectors such as Agriculture and Rural Development receive less allocation than most, even though that all studies clearly exhibit these areas as the worst effected by poverty.

Aid, loans or grants of multilateral institutions like the World Bank, IMF, and the ADB carry their policies and the conditionalities to force desperate governments to implement anti – people policies and systems. These Structural Adjustment policies have already been discredited; however, they are still systematically applied. Privatisation, liberalization and de-regulation prescriptions do not lead to the well-being of society, it is anti-development and completely the opposite model to a more equitable growth, budget allocation within this system, even if applied more fairly can not address the needs of the people, it may just lead to temporarily alleviating some of the more immediate and devastating repercussions. Ultimately, the poor are poorer, and the rich are richer. Access to services such as health care and education requires money, this is the only condition.

Irresponsible Aid or loans only increases the burden on a heavily indebted country and ensures that generations will have to pay for this debt. As was pointed out by ActionAid International's Report Real AID illustrates how countries like Cambodia is a victim of aid⁸ stating that roughly half of all aid to Cambodia is spent on technical assistance, or TA. Between 1999 and 2003, this amounted to 1.2 billion dollars. TA is an invasion of international advisors on whom up to US\$70 million was spent in 2003 alone. Add to them international consultant, who each cost more than US\$159,000. By contrast, the cost of genuine foreign aid workers in a truly independent NGO is less than 45.000 dollars, and the cost of recruiting a Cambodian expert is an eight of this.

More than 70 foreigner advisers and experts earn nearly as much as 160,000 Cambodia civil servants, who get as little as US\$25 a month. In many ministries, the pay of foreign advisers exceeds the entire annual budget.

The International Financial Institutions as the World Bank, IMF and ADB are always blaming the Cambodians for failures due to corruption, which in part is feasible, however, it is not questioned enough how donor country's neo-imperialist system facilitates and promotes a culture of corruption. Moreover, they rarely identify and measure their own legitimized corruption.

It has become increasingly difficult to hold elected governments accountable to its people for the delivery of services and budget spending and allocations when it is foreign corporations running the delivery of services for profits and being accountable to their shareholders and Board of directors, with head offices in Europe or the US away from the people in the south to complain to. Furthermore, governments that are highly dependent on foreign Aid, do not have sovereignty with the allocation and nature of programs and reforms to be implemented

The ADB and other multilateral Banks (donors)' projects should not carry the conditionality on governments of the recipient country which makes the lives of the poor worse and worse. This is the opposite to all the rhetoric of rich countries wanting to promote democracy and human rights, the latter being used only as a tool for the foreign policy interest of the rich countries. This research poses further questions that fall outside the scope of this paper; that is, why, deliberately impose policies and

⁸ <http://pilger.carlton.com/print/133466>

conditions that clearly lead to a widening gap between the rich and the poor, impoverishing people and countries and leading to exploitation?.

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