



Technical Assistance Report

Project Number: 38175
December 2007

Nepal: Preparing the Education Sector Program (Subprogram III) (Financed by the Japan Special Fund)

CURRENCY EQUIVALENTS

(as of 4 December 2007)

Currency Unit	–	Nepalese rupee/s (NRe/NRs)
NRe1.00	=	\$0.01582
\$1.00	=	NRs63.1920

ABBREVIATIONS

ADB	–	Asian Development Bank
AWPB	–	annual work plan and budget
DOE	–	Department of Education
EFA	–	Education for All
ESP	–	Education Sector Program
JFA	–	joint financing arrangement
MOES	–	Ministry of Education and Sports
SSR	–	school sector reform
TA	–	technical assistance

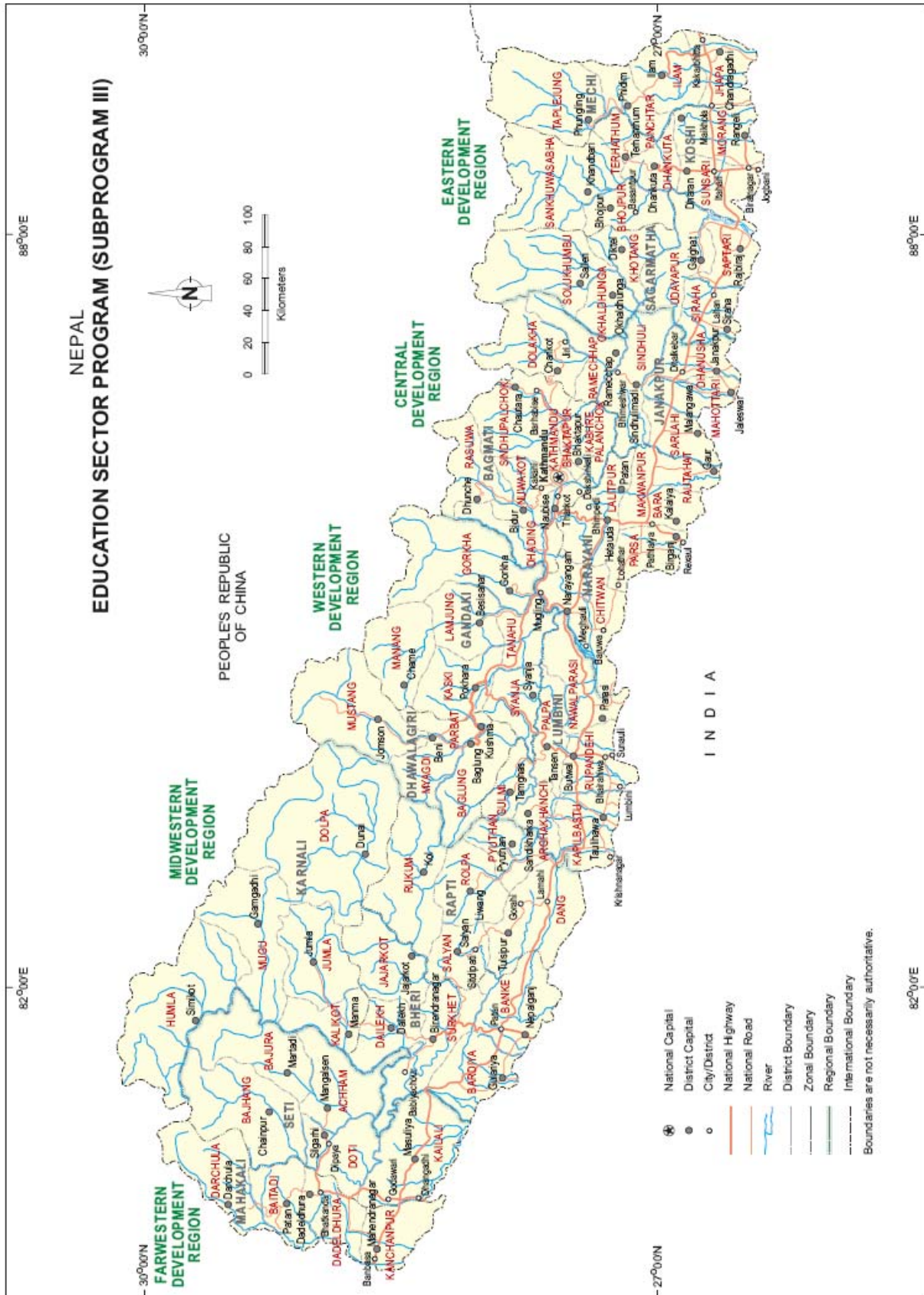
TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	Targeted intervention
Sector	–	Education
Subsector	–	Education sector development
Theme	–	Inclusive social development
Subtheme	–	Human development

NOTES

- (i) The fiscal year (FY) of the Government ends on 15 July. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2007 ends on 15 July 2007.
- (ii) In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. The Asian Development Bank (ADB) has provided broad-based assistance to the Government of Nepal for the education sector, covering primary and secondary education, and vocational training. An Education Sector Program (ESP) cluster was approved in December 2006, together with its first subprogram (ESP I),¹ with the aim of supporting the Government's reform of the school system in a phased manner. The second subprogram (ESP II) is being considered for approval in 2007. The third subprogram (ESP III) is included in the Nepal country operations business plan (2008–2010) as a firm grant in 2009. The Government has requested ADB for a program preparatory technical assistance (TA) to prepare the ESP III. The TA is included in ADB's 2007 technical assistance program for Nepal.² The TA Fact-Finding Mission visited Nepal during 10–19 September 2007, and reached an understanding on the TA's impact, outcome, methodology, implementation arrangements, costs and financing plan, and consulting services. The design and monitoring framework is in Appendix 1.

II. ISSUES

2. The school system of Nepal consists of 5 years of primary education (grades 1–5), 3 years of lower secondary education (grades 6–8), and 2 years of secondary education (grades 9–10). A school leaving certificate is awarded by a centrally administered national examination at the end of grade 10. Higher secondary education (grades 11–12) is administered separately under the Higher Secondary Education Board. Participation in education has improved considerably over the last five decades, especially at primary level. In 2007, the primary education net enrollment rate reached 87.4%, compared with 81% in 2001. However, high repetition and drop-out rates and poor learning outcomes, especially among girls and socioeconomically disadvantaged groups are the major concerns. Despite the Government's efforts to meet the increasing demand for education, especially at post-primary level, financing gaps, a poorly qualified teaching force, and institutional weaknesses hamper the improvement of efficiency and performance of school education.

3. Government commitment to education is high, as reflected in the successive 5-year plans³ and the 3-year interim plan (FY2008–FY2010).⁴ A key national priority is to increase equity in access to education, while social inclusion is a central approach to reduce disparities in education in terms of gender, caste, and ethnicity. The decentralization of school management responsibilities to school management committees, and community participation in education, are also at the center of the Government's strategy to improve the quality and efficiency of education. In 2000, Nepal joined the global Education for All (EFA) movement.⁵ The national plan of action for EFA 2015 was drawn up with the vision of achieving quality basic and primary education for all by 2015. To achieve the EFA goals, the Government launched the Nepal EFA Program (2004–2009), a high-priority program for basic and primary education supported by more than 11 development partners, including ADB. Similarly, the Secondary Education Support

¹ ADB. 2006. *Report and Recommendation of the President to the Board of Directors on a Proposed Program Cluster of Loans and Asian Development Fund Grants to Nepal for the Education Sector Program I*. Manila.

² The TA first appeared in *ADB Business Opportunities* on 18 September 2007.

³ National Planning Commission, Government of Nepal. 1996. *Ninth Five-Year Plan (1997–2002)*. Kathmandu; and National Planning Commission, Government of Nepal. 2001. *Tenth Five-Year Plan (2002–2007)*. Kathmandu.

⁴ National Planning Commission, Government of Nepal. 2007. *Three-Year Interim Plan (FY2008–FY2010) Approach Paper*. Kathmandu.

⁵ United Nations Educational, Scientific and Cultural Organization. 2007. *Education for All (EFA) International Coordination*. Available: <http://www.unesco.org/education/efa/>

Program (2003–2009),⁶ assisted by ADB and Denmark, supports increasing equity of access to, and quality improvement of, secondary education.

4. The Government recognizes that 5 years of basic education are not enough to meet Nepal's long-term human resources needs and is determined to extend basic education to cover grades 1–8. Similarly, it envisages extending secondary education to cover grades 9–12. The Government also intends to improve synergies between basic education and secondary education to achieve a more holistic approach to school education. For that purpose, the Government has initiated the preparation of a school sector reform (SSR) program, which aims at restructuring the school system into an integrated grade 1–12 system in a phased manner. The Government is developing an SSR core document, which will guide the transition from the current subsector approach to education, financed by programs such as EFA and the Secondary Education Support Program, to an integrated SSR. The core document will guide the implementation of an SSR program expected to start in FY2010. It will serve as a policy and planning guide for gradual introduction of the grade 1–12 integrated system. It will clarify Government commitments with respect to the provision, promotion, and appraisal of educational services within the framework of the grade 1–12 system. Major strategies relating to standards of services and performance such as management, financing, and the legal and regulatory framework will be detailed. The core document will describe operational procedures for delivering school education of an acceptable quality, in partnership with the community and civil society. It will contain details of programs, the financing framework, and implementation arrangements. A draft core document was developed and endorsed by the interministerial education policy committee in September 2007 for broad stakeholder dissemination and consultation.

5. SSR is viewed as a combination of affirmative actions and policy changes aimed at attainment of the EFA goals by 2015. SSR builds on lessons learned from the EFA program and attempts to address systemic issues that impede the progress of the education system. As such, SSR envisions a sector reform that emphasizes the quality and relevance of education, and a school system that is needs-based, flexible, and accountable. It intends to provide multiple educational choices to schools and communities with regard to learning content, medium of instruction, learning materials, and delivery methods. It envisions a contractual model between central and local government bodies and the schools wherein government bodies will be responsible for providing minimum enabling conditions for learning in exchange for which schools will be responsible for achieving an agreed-upon quality standard for service delivery and learning achievements. The backbone of such a system is the establishment of an obligatory framework, a set of norms and standards, and an accountability mechanism that will define the roles, functions, and level of responsibilities at each institutional level. Furthermore, advanced policy and strategy options to further enhance social inclusion and affirmative actions to support education for girls and disadvantaged groups have been defined in the core document.

6. The draft core document contains a well articulated and clear vision for SSR. It provides a solid basis for further elaboration of the reform process. The challenge is to build consensus among the various stakeholders and deepen analysis on how to achieve SSR goals in a realistic and sustainable manner. Prioritization among the many areas of suggested policy reforms, adjustment and streamlining of the multiple strategic options, and policy decisions on phased and focused reform planning and process will be the major tasks, as will be securing adequate financial resources. A thorough analysis of the cost implications and benefits of the various

⁶ ADB. 2002. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Nepal for the Secondary Education Support Project*. Manila.

policy options will need to be undertaken. Further in-depth analysis of the institutional, technical, and financial implications of the suggested policy and strategic options is also needed. This will help to further refine the rationale of the preferred options and to plan the phased reform and restructuring process.

7. The ESP cluster is designed to support SSR in a phased manner. The ESP I supports the ongoing EFA program. A capacity-development grant⁷ complements the ESP I to develop government stakeholders' capacity in policy analysis, formulation and coordination in preparation for SSR. Progress under the ESP I is positive, as EFA shows improvement, including in the participation of girls, the number of trained teachers, and the grade 5 survival rate.⁸ The ESP II intends to support the preparation of, and transition to, SSR, in particular a model-building exercise of the basic education extension to grades 1–8 in a few districts. The ESP III as subprogram III intends to support implementation of the SSR once the core document is finalized and financed and the legal, governance, and financing framework is adjusted to the grade 1–12 school system. It is expected that the SSR policy, program, and financing framework will be broadly accepted and adequately financed by FY2010. The Government has requested participation of all education development partners in the preparation of SSR, and in the financing of the SSR program. Joint preparation for the SSR program includes a round of consultation meetings to be held in 2008, followed by one or more joint appraisal missions by all development partners in 2008 and 2009.

8. The SSR program is expected to follow a similar program-based approach adopted under EFA. EFA is Nepal's first truly program-based approach under which development partners in education pool funds and use country systems and fully harmonized procedures for their contributions. Core financing of EFA is through a joint financing arrangement (JFA) under which development partners⁹ provide allocated budget support to EFA. Program activities and budget items are mutually agreed upon by EFA partners before the beginning of each fiscal year, through a review of an annual rolling plan, the annual strategic implementation plan, and the annual work plan and budget. The annual commitments of development partners are based on outcome and process performance indicators. It is expected that the existing JFA will be reassessed and adjusted under the SSR.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

9. The impact of the TA will be that the envisioned restructured grade 1–12 school system is successfully implemented in a phased manner throughout all districts. The outcome of the TA will be an ESP III program design¹⁰ to support the implementation of the grade 1–12 school system. The program design will reflect the readiness of the Government to initiate implementation of the reform and broad consensus among stakeholders, including the education development partners.

⁷ Footnote 1 (Grant 0065 approved 1 December 2006, amounting to \$2 million).

⁸ Details of progress under the ESP I are described in the ESP II.

⁹ As of FY2007, Joint financing arrangement (JFA) partners are ADB, Denmark, Finland, Norway, the United Kingdom, the United Nations Children's Fund (UNICEF) and the World Bank. The European Commission intends to join JFA from FY2008. The non-JFA partners who provide parallel financing to EFA are the Japan International Cooperation Agency (JICA), the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the World Food Programme.

¹⁰ Instead of ESP III as one subprogram, an ensuing program cluster in support of school sector reform implementation in a phased manner may be considered.

B. Methodology and Key Activities

10. The TA has two objectives: (i) it will assist the SSR core document writing team in refining policy options and strategies and in developing programs and financing frameworks for SSR, and (ii) it will help design the ESP III (or a new program cluster) to contribute to the financing of the SSR program jointly with the other education development partners.

11. The first phase of the TA will help the SSR core document writing team in undertaking further in-depth analysis of the institutional, technical, financial, and human resources requirements and implications of the SSR. This will include a cost-effectiveness analysis of the various policy and strategy options in key areas such as (i) school restructuring, (ii) governance and management, (iii) quality improvement and assurance, (iv) education financing, (v) vocational training, (vi) alternative education, and (vii) social inclusion. The analysis will help the Ministry of Education and Sports (MOES) to (i) prioritize policy options, (ii) refine the rationale of the preferred options, (iii) plan a phased reform and restructuring process, and (iv) prepare a comprehensive sector financing plan. Such analysis will be undertaken based on (i) a macroeconomic projection of the medium-term public expenditure in education, (ii) expected external resources, and (iii) consideration of policy options for cost sharing. A TA team consisting of education, macroeconomic, resettlement, gender and social development experts will design and facilitate a series of working sessions, seminars, and workshops for various stakeholders, including core document thematic groups, senior officials of MOES, the Ministry of Finance, the Department of Education (DOE), and the National Planning Commission, and local-level stakeholders, especially in the SSR model-building districts. The draft core document will also benefit from international peer review. The core document will be presented at a regional or interregional conference on education, or alternatively, peer reviews with policy makers in Asia will be organized. The peer review will expose the core document to regional or international good practices. The feedback provided will result in an enhanced core document.

12. The second phase of the TA will design the ESP III (or a new program cluster) in close partnership with MOES and DOE and education development partners. It will assess the readiness of the revised core document with regard to the technical, social, financial, and institutional aspects. It will participate in the design of the SSR program led by MOES and DOE jointly with other partners. It will recommend measures to ensure compliance with ADB social safeguards (the initial poverty and social analysis is in Appendix 2) and fiduciary requirements. The expected output is a TA draft final report that will serve as a basis for ADB to participate in the joint SSR appraisal missions.

13. The TA will be implemented in full harmonization with initiatives undertaken by other development partners. Under MOES and DOE leadership and coordination, the TA team will plan and coordinate work with technical expertise provided by technical assistance from other development partners. A full-time program planning and coordination specialist as TA deputy team leader will ensure liaison and coordination with both the Government and development partners. He or she will participate in all meetings, keep abreast of Government and partners' initiatives in education, and ensure full coordination of TA activities and the timing of TA inputs and outputs with the joint SSR appraisal process.

14. The TA will also work closely with the capacity-development grant under the ESP I. Particularly, the TA team will ensure that international consultants work closely with the national

consultants under the capacity-development grant. Furthermore, the TA team will closely harmonize with capacity-development activities supported by other development partners.¹¹

C. Cost and Financing

15. The TA is expected to cost \$710,000 equivalent. ADB will provide \$600,000, financed on a grant basis by the Japan Special Fund, funded by the Government of Japan. ADB will finance national and international consulting services, production of reports, equipment, workshops, studies, field surveys, international peer reviews, and administrative support services. Government support to the TA, estimated at \$110,000 equivalent, will be in kind, and will include the provision of counterpart staff, office accommodation and space for meetings, and general office support. The Government has been informed that approval of the TA does not commit ADB to finance any ensuing program. The detailed cost estimates and financing plan are in Appendix 3.

D. Implementation Arrangements

16. A team of four international consultants and two national consultants will be recruited to provide specialist services totaling 27 person-months (international 12 person-months, and national 15 person-months). A pool of international consultant inputs of approximately 4 person-months will be retained. This may include a legal expert, teacher management specialist, or other needs as determined in consideration of expertise provided by other development partners. ADB will engage all consultants on an individual basis in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). Outline terms of reference for the consultants are in Appendix 4. Office equipment needed to implement the TA will be procured by the consultants according to ADB's *Procurement Guidelines* (2007, as amended from time to time) and will be turned over to MOES upon TA completion. International peer reviews, seminars and workshops will be organized by the consultants.

17. MOES will be the Executing Agency for the TA. The steering committee under the capacity-development grant will oversee the TA implementation. To maximize Government leadership and minimize the strain on MOES, the TA work will be carefully scheduled. MOES has assured that counterpart staff will be available to work with the TA team and has agreed to provide the following support to the TA team: (i) administrative and logistic support; (ii) office accommodation, supplies, and facilities; and (iii) data and reports as required. The TA consultants will report to the joint secretary of the planning division of MOES and to ADB.

18. The TA will begin in February 2008 and end in July 2009. An inception report will be submitted at the end of the first month after mobilization of the TA team leader. A draft of the analysis of the SSR core document and recommendations for further refinement of the core document will be submitted as an interim report at the end of the first 3 months. A draft final report will be submitted to ADB and MOES at the end of the 6 months, or at least 2 months before the first joint appraisal mission. A final report incorporating comments from concerned parties will be submitted by the TA completion date.

IV. THE PRESIDENT'S DECISION

19. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$600,000 on a grant basis to the Government of Nepal for preparing the Education Sector Program (Subprogram III), and hereby reports this action to the Board.

¹¹ JICA is developing a new project on capacity development in school-based management. The European Commission intends to provide a capacity-development grant for overall system readiness to undertake reforms.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <p>Restructured grade 1–12 school system successfully implemented in a phased manner throughout all districts</p>	<ul style="list-style-type: none"> • Grade 5 survival rates, NER for lower secondary and secondary levels, school leaving certificate pass rates improved (by gender, income level, and ethnic groups) by 10% (from baseline to end of the program) 	<ul style="list-style-type: none"> • DOE statistics 	<p>Assumptions</p> <ul style="list-style-type: none"> • Political and socioeconomic conditions improve and remain stable • Economy continues to create jobs and require more educated participants • Government commitment to education reform remains firm • Development partners continue their support for the education sector <p>Risk</p> <ul style="list-style-type: none"> • Changes in policy environment that discourage further reform
<p>Outcome</p> <p>Agreed program design to support the implementation of the grade 1–12 school sector reform (SSR)</p>	<ul style="list-style-type: none"> • An SSR core document that reflects readiness of the Government to initiate implementation of the reform • Broad consensus and acceptance among stakeholders, including education development partners 	<ul style="list-style-type: none"> • Joint appraisal missions • TA progress reports • TA final reports 	<p>Assumptions</p> <ul style="list-style-type: none"> • Effective stakeholder participation and ownership developed • Government commitment to improve performance of school education remains unchanged
<p>Outputs</p> <p>1. Technical analysis and advice completed</p> <p>2. ESP III program design requirements accomplished</p>	<ul style="list-style-type: none"> • Revised SSR core document ready for joint appraisal missions • TA draft final report that will serve as a basis for ADB to participate in the joint SSR appraisal missions and that includes: <ul style="list-style-type: none"> (i) technical, social, and financial, institutional analysis of the SSR program; (ii) measures to comply with social safeguards and fiduciary requirements; and (iii) a draft policy matrix 	<ul style="list-style-type: none"> • TA review missions • Joint review meetings • TA progress reports 	<p>Assumptions</p> <ul style="list-style-type: none"> • Consultants' performance is satisfactory • There is close harmonization with TAs of other development partners <p>Risks</p> <ul style="list-style-type: none"> • Political instability

Activities with Milestones	Inputs
<ol style="list-style-type: none"> 1. Assist in technical analysis of the SSR core document <ol style="list-style-type: none"> 1.1 Design working sessions with stakeholders (February 2008) 1.2 Provide technical advice in refining the SSR core document (March–April 2008) 1.3 Organize peer reviews (to be determined) 1.4 Submit interim report (3 months from start) 2. Design the program <ol style="list-style-type: none"> 2.1 Complete technical assessment (June–July 2008) 2.2. Complete program design and submit a draft final report (August 2008 or 2 months before the first joint appraisal mission) 3. Harmonize with TA from other development partners (continuously) 	<ul style="list-style-type: none"> • ADB: \$600,000 in the form of TA • Government: \$110,000 in-kind

ADB = Asian Development Bank, DOE = Department of Education, ESP III = Education Sector Program (subprogram III), NER = net enrolment rate, SSR = school sector reform, TA = technical assistance.

INITIAL POVERTY AND SOCIAL ANALYSIS

Country/Project Title:	Nepal/Education Sector Program (Subprogram III)		
Lending/Financing Modality: ADF	Program grant	Department/ Division:	South Asia Department Agriculture, Natural Resources and Social Services Division

I. POVERTY ISSUES

A. Linkages to the National Poverty Reduction Strategy and Country Partnership Strategy

Education plays a vital role in human development and hence contributes to poverty reduction. In Nepal, education is considered a major means for poor households to escape from poverty. With external assistance, Nepal has made significant efforts in the education sector, and this has contributed to improvements in human development indicators. The Government's commitment to the Millennium Development Goals has also stimulated more effort in improving the primary education sector with the goal of achieving basic and primary education for all by 2015. Participation in education has improved considerably over the last five decades, especially at primary level. In 2007, the primary net enrollment rate reached 87.4%, compared with 81% in 2001. However, high repetition and drop-out rates and poor learning outcomes, especially among girls and the socioeconomically disadvantaged groups (including indigenous and ethnic minority groups), are major concerns.

The Interim Constitution of 2006 provides the right to free education for each citizen up to secondary level. The constitution also establishes equity measures with the right to receive basic education in mother language. The 3-year interim plan approach paper (2007)¹ further emphasizes inclusive education and the right to education for women, disadvantaged groups, indigenous ethnic groups (janajati), and disabled groups, by increasing their access from primary to higher education. The 10th 5-Year Plan (2002–2007) also identified social development, including improvement in education, as one of the four pillars of Nepal's poverty reduction strategy and aimed at improving access to, and quality of, education. In line with the Government's strategy, the program will support Government efforts in poverty reduction. It will directly support progress towards Nepal's Millennium Development Goal targets in education.

B. Targeting Classification

1. Select the targeting classification of the project:

General Intervention Individual or Household (TI-H); Geographic (TI-G); Non-Income MDGs (TI-M1, M2, etc.)

2. Explain the basis for the targeting classification: The Program will support the Government's commitment to achieve Millennium Development Goals for education.

C. Poverty Analysis

According to the Nepal Living Standard Survey II,² poverty incidence in Nepal is 31%, which is a significant drop from the 42% recorded by the Nepal Living Standard Survey I.³ Despite this drop, there is still a wide gap within social groups and regions. The poverty incidence of certain social groups has decreased to relatively low levels. For the Brahmin and Chhetri group, it dropped from 34% in FY1996 to 19% in FY2004, while for Newars it has reduced from 19% to 14% in the same period. However, the poverty incidence among dalits, indigenous ethnic groups (janajatis), and Muslims remains higher than the national average. The poverty incidence of dalits was 47% in FY2004, down from 59% in FY1996. Poverty is more severe among tarai dalits than among hill dalits. Among hill janajatis, the poverty rate is 44% in FY2004, down from 49% in FY1996, and for tarai janajatis it is 36%, which is down from 53% in FY1996. Muslims, a religious minority, also have very high poverty rates, at 41% in FY2004, which has changed little in the last 10 years.

¹ National Planning Commission, Government of Nepal. 2007. *Three-Year Interim Plan (FY2008–FY2010) Approach Paper*. Kathmandu.

² Central Bureau of Statistics of the National Planning Commission, Government of Nepal. 2004. *Nepal Living Standards Survey II 2003/2004*. Kathmandu.

³ Central Bureau of Statistics of the National Planning Commission, Government of Nepal. 1996. *Nepal Living Standard Survey I 1995/1996*. Kathmandu.

II. SOCIAL DEVELOPMENT ISSUES

A. Initial Social Analysis

Based on existing information:

1. Who are the potential primary beneficiaries of the project? How do the poor and the socially excluded benefit from the project? The Program supports the Government's social inclusion policy in education. Therefore, girls and children from socioeconomically disadvantaged groups, including indigenous and ethnic minority groups, will benefit from the Program.
2. What are the potential needs of beneficiaries in relation to the proposed project? Programs that specifically address the economical, cultural, and social constraints in education of the most vulnerable groups need to be included. Incentive-based approaches are needed for the socioeconomically disadvantaged caste and ethnic groups, including the most vulnerable groups.
3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them? Weak institutional capacity in education services, including low sensitivity towards issues of exclusion, can constrain access to program benefits by vulnerable groups. Effective monitoring and sensitization of implementing agencies on social inclusion will contribute to addressing the constraints.

B. Consultation and Participation

1. Indicate the potential initial stakeholders: Potential initial stakeholders include concerned government agencies, local bodies, political parties, civil societies including the associations representing indigenous groups (janajati) and dalits, teacher unions, parent associations, and school management committees.
2. What type of consultation and participation (C&P) is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)? During the PPTA, several workshops, seminars and/or consultations will be conducted with a wide range of stakeholders. The TA will follow a participatory approach—the key to building consensus in strategy development.
3. What level of participation is envisaged for project design?
 Information sharing Consultation Collaborative decision making Empowerment
4. Will a C&P plan be prepared? Yes No Please explain.

C. Gender and Development

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project/program? Gender-based disparities in education are still prevalent in Nepal. The literacy rate of Nepali women is 42%, compared to 65% for men. Girls in rural areas do not have equal access to primary education. The gap widens even more in secondary levels and higher education. Grade 5 completion rates are lower for girls than boys in most districts. Girls are more prone to drop out due to sociocultural reasons and the unfavorable school environment. The literacy and educational level of girls and women differs widely across regions and social groups, and in urban and rural areas.

The program aims not only to address gender inequality in education but also to advise policy for social inclusion through affirmative actions. The vulnerable community development framework will be a tool for addressing gender and caste and/or ethnic exclusion in the education sector. Gender inequality issues are central in the framework. It will be applied to facilitate equity measures in implementation and monitoring of the progress of gender and social inclusion actions. The gender and social inclusion plan will be developed based on the vulnerable community development framework with specific targeted activities.

2. Does the proposed project/program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making?
 Yes No Please explain.
3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality?
 Yes No Please explain : the Program will have a positive impact on girls and women.

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS			
Issue	Nature of Social Issue	Significant/Limited/ No Impact/Not Known	Plan or Other Action Required
Involuntary Resettlement	Though most of the school facilities will be constructed in existing school sites, the TA will assess potential land acquisition impacts.	Not known yet.	<input type="checkbox"/> Full Plan <input type="checkbox"/> Short Plan <input type="checkbox"/> Resettlement Framework <input type="checkbox"/> No Action <input checked="" type="checkbox"/> Uncertain
Indigenous Peoples	The underlying causes of the domestic conflict in Nepal over the last 10 years include poverty and its manifestations in terms of regional, gender, ethnic, and caste-related inequalities, and the failure to deliver adequate and essential social services and facilities to rural communities and marginalized indigenous and other groups.	Significant. The program will ensure that benefits will accrue to the disadvantaged indigenous and ethnic minority groups.	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> Indigenous Peoples Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Labor <input type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input type="checkbox"/> Core Labor Standards	None		<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Affordability	None		<input type="checkbox"/> Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input type="checkbox"/> Others (conflict, political instability, etc.), please specify	The sociopolitical situation is expected to remain stable. However, close monitoring of the situation is necessary.		<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> No Action <input checked="" type="checkbox"/> Uncertain
IV. PPTA/DUE DILIGENCE RESOURCE REQUIREMENT			
1. Do the TOR for the PPTA (or other due diligence) include poverty, social and gender analysis and the relevant specialist/s? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.			
2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social and/or gender analysis, and C&P during the PPTA/due diligence? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.			

C&P = consultation and participation, FY = fiscal year, HIV/AIDS = human immunodeficiency virus/ acquired immunodeficiency syndrome, MDG = Millennium Development Goal, PPTA = project preparatory technical assistance, TA = technical assistance, TOR = terms of reference.

COST ESTIMATES AND FINANCING PLAN
(\$)

Item	Total Cost
A. Asian Development Bank Financing ^a	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	320,000
ii. National Consultants	60,000
b. International and Local Travel	57,000
c. Reports and Communications	5,000
2. Seminars, Workshops, Meetings, and Resource Persons	20,000
3. International Peer Review	20,000
4. Surveys, Research, and Data Collections	12,000
5. Office Equipment	10,000
6. Miscellaneous Administration and Support Cost	30,000
7. Vehicle Rental	6,000
8. Contingencies	60,000
Subtotal (A)	600,000
B. Government of Nepal Financing	
1. Office Accommodation, Utilities and Transport	55,000
2. Remuneration and Per Diem of Counterpart Staff	55,000
Subtotal (B)	110,000
Total	710,000

^a Financed by the Japan Special Fund, funded by the Government of Japan.
Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. International Consultants

1. Team Leader and Education Policy Specialist (4 person-months)

1. The specialist will be responsible for the technical supervision of the consultant team and coordination of the overall work program and work plan, including the completion of agreed upon activities and outputs, and the timely preparation of all formal written reports. The specialist will

- (i) assess the draft core document for school sector reform (SSR) and the areas that need further technical analysis;
- (ii) organize and coordinate working sessions with stakeholders including core document thematic groups, senior officials of the Ministry of Education and Sports (MOES), the Ministry of Finance, the Department of Education (DOE), the National Planning Commission, and local-level stakeholders, especially in the SSR model-building districts;
- (iii) make an overall assessment of the readiness of the revised core document in consultation with team members;
- (iv) recommend areas of adjustment that may be needed;
- (v) together with the program planning and coordination specialist, work in full harmonization with other development partners;
- (vi) prepare the proposed grant framework for the Education Sector Program (ESP) subprogram III that defines objectives, rationale, program framework and components, implementation arrangements, costs, and monitoring systems;
- (vii) ensure integration, coordination, and synergy between the ESP III and other programs;
- (viii) assess the country's sociopolitical context and its impact on the ESP III in close consultation with the Government and other development partners;
- (ix) assess the environmental impact of the policy actions under the ESP III, and
- (x) undertake any other task within his or her area of expertise at the request of the Asian Development Bank (ADB) or MOES.

2. Macroeconomist or Public Finance Economist (4 person-months)

2. The specialist will facilitate discussions with stakeholders and development partners on the thematic areas of sector finance and budgeting. The specialist will assist the team leader by fulfilling the following requirements:

- (i) review and assess the macroeconomic context;
- (ii) review the education public expenditure, 3-year interim plan and/or medium-term expenditure framework;
- (iii) assist the Government in the development of a sustainable sector financing plan for grades 1–12 based on public expenditure analysis, enrollment projections, and minimum service standards, and within the resource envelope defined by the sector interim plan;
- (iv) prepare an economic and financial justification for the ESP III;
- (v) evaluate the different strategic options on their cost effectiveness to provide an assessment of the most efficient way to implement the SSR reform;
- (vi) identify and prepare the finance and budget components for the ESP III;

- (vii) assist the team leader in producing the proposed ADB grant framework by providing program designs with related costs and the financing plan of the ESP III, and be responsible for preparing detailed cost estimates;
- (viii) undertake an analysis of sector financing as part of the overall sector analysis under the direction of the team leader;
- (ix) indicate areas for long-term improvement in education sector financial planning and management systems and processes in the context of broader government planning, budgeting, and financial management systems under the ESP III; and
- (x) identify adjustment costs arising from policy actions proposed under the ESP III.

3. Gender and Social Equity Specialist (2 person-months)

3. The specialist will facilitate discussions with government and nongovernment stakeholders and development partners on the thematic areas of equity in education and social inclusion. Consultation will also be conducted with the organizations representing different social groups (the National Foundation for Development of Indigenous Nationalities, the Nepal Federation of Indigenous Nationalities, the dalit commission, dalit committees, and others). Building on work already completed by MOES and other development partners on demand analysis, the specialist will

- (i) review the SSR core document from social inclusion and equity aspects;
- (ii) revise the vulnerable community development framework to ensure its compliance with the revised SSR;
- (iii) review resources and institutional capacity for (a) monitoring and reporting systems with disaggregated data and inclusive indicators, and (b) providing an inclusive teaching environment and methods;
- (iv) analyze policies, strategies, and plans for improving scholarship provisions in favor of the most disadvantaged groups in order to improve retention rates and academic achievement for girls, excluded castes, ethnic groups, and extremely poor children; and
- (v) together with the macroeconomist, review the resources required to consolidate existing capacity and to implement agreed-upon socially inclusive strategies to improve equity in education.

4. The specialist will assist the team leader in

- (i) preparing the section of the ESP III proposal document pertaining to girls and other socially or economically disadvantaged groups;
- (ii) undertaking analyses needed to meet ADB's social safeguard requirements; and
- (iii) identifying specific actions for disadvantaged ethnic minorities in accordance with ADB's *Policy on Indigenous Peoples* (1998).

4. Financial Management Specialist (2 person-months)

5. The financial management specialist will develop a joint financing arrangement (JFA) for pooling resources for the SSR program. The JFA should include a monitoring, reporting, and auditing mechanism for the SSR program. The specialist will

- (i) ensure that the JFA is acceptable to all stakeholders, including MOES and DOE, the Financial Comptroller General's Office, the Ministry of Finance, the Auditor General's Office, current JFA pooling donors, and potential pooling partners;

- (ii) undertake a detailed analysis of the existing Education For All (EFA) JFA or pooling mechanism, assess its strengths and scope for improvement, and incorporate lessons learned into the JFA for the SSR program;
- (iii) conduct a fiduciary risk analysis of the SSR program and an assessment of the public financing management system and risk mitigating measures;
- (iv) assess the financial management capacity of the Financial Comptroller General's Office and DOE; and
- (v) analyze the following documents, among others: the EFA national plan of action (2002–2015), financial evaluation reports/initiatives of EFA, the annual strategic implementation plan and/or annual work plan and budget and any other document relevant to education planning and implementation, the draft core document of the grade 1–12 school system, and Nepal financial administrative regulations.

B. National Consultants

1. Program Planning and Coordination Specialist (12 person-months)

6. The program planning and coordination specialist as technical assistance (TA) program deputy team leader will be responsible for liaison and coordination with both the Government and other development partners. The specialist will participate in all meetings, keep abreast of Government and partners' initiatives in education, and ensure full coordination of technical assistance activities and timing of TA inputs and outputs with the joint SSR appraisal, approval, and implementation process. The specialist will

- (i) review all relevant documents related to the SSR process and provide expert input to the process;
- (ii) guide the TA team work from the program coordination point of view;
- (iii) present and represent the TA team work in meetings with the Government, development partners, and other stakeholders;
- (iv) prepare notes or minutes of meetings as required;
- (v) assist the team leader in preparing reports;
- (vi) take over technical leadership of the TA team in the absence of the team leader;
- (vii) work in close consultation with the ADB Nepal Resident Mission, and
- (viii) undertake any other task within his or her area of expertise at the request of the team leader, ADB, or MOES.

2. Resettlement Specialist (3 person-months)

7. The resettlement specialist will carry out assessment of impacts of the SSR on land acquisition and resettlement and prepare necessary plans in accordance to the ADB's *Involuntary Resettlement Policy* (1995). The specialist will

- (i) identify key stakeholders (poor and vulnerable groups in particular), their program-related interests, and ways to address the concerns of various stakeholders;
- (ii) carry out consultations with relevant stakeholders in the form of household visits, information campaigns, and public hearings;
- (iii) identify whether the program activity or construction works will necessitate land acquisition and resettlement or is expected to result in the loss of assets, resources, or income of local people, particularly the most vulnerable groups;
- (iv) assess the types of likely impacts, affected persons, institutional constraints, policy issues, and action required;

- (v) conduct a census covering all affected peoples to determine the scope of likely effects, and to list likely losses of resettlement;
- (vi) conduct a socioeconomic survey of a sample of 10% of affected people and 20% of seriously affected people;
- (vii) establish baseline indicators;
- (viii) review legal and institutional aspects;
- (ix) assess risks and opportunities for affected people;
- (x) assess any voluntary land donation and required safeguards;
- (xi) identify compensation and livelihood restoration strategies and options;
- (xii) work out an entitlement matrix and compensation procedures;
- (xiii) identify consultation and participation procedures with all stakeholders, especially the people affected, in planning and management;
- (xiv) identify specific measures to improve the status and incomes of poor and vulnerable groups;
- (xv) suggest an implementation mechanism and institutional framework for the implementation of mitigation programs at the local level;
- (xvi) suggest detailed budget and implementation schedules;
- (xvii) identify requirements for capacity building for MOES and DOE staff;
- (xviii) suggest arrangements for monitoring and evaluation; and
- (xix) prepare a resettlement framework as required.

C. Pool of International Consultants

8. The length of service and the type of expertise of international consultants (up to 4 person-months) may be extended or modified contingent on a mutual agreement between MOES and ADB.