



Completion Report

Project Numbers: 35174-013, 35174-023, 35174-022, and 35174-032
Loan Numbers: 2277 and 2551
Grant Numbers: 0065, 0105, and 0160
July 2016

Nepal: Education Sector Program (Subprograms I–III)

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Asian Development Bank

CURRENCY EQUIVALENTS

Currency Unit – Nepalese rupee/s (NRe/NRs)

		At Inception	At Program Completion
		6 February 2007	19 January 2012
NRs1.00	=	\$0.01417	\$0.01217
\$1.00	=	Rs70.584	NRs82.166

ABBREVIATIONS

ADB	–	Asian Development Bank
ASIP	–	annual strategic implementation plan
CPS	–	country partnership strategy
DMF	–	design and monitoring framework
DOE	–	Department of Education
EFA	–	Education for All
EIRR	–	economic internal rate of return
EMIS	–	education management information system
EPC	–	Education Policy Committee
EPSO	–	Education Program Support Office
ESP	–	Education Sector Program
GPI	–	gender parity index
JFA	–	Joint Financing Agreement
JICA	–	Japan International Cooperation Agency
MICS	–	Multiple Indicator Cluster Survey
MOE	–	Ministry of Education
MTR	–	midterm review
NASA	–	National Assessment of Student Achievement
NLSS	–	Nepal Living Standards Survey
PBL	–	policy-based lending
PCR	–	program completion report
PETS	–	public expenditure tracking survey
SDR	–	special drawing right
SLC	–	school leaving certificate
SMC	–	school management committee
SSDP	–	School Sector Development Program
SSR	–	school sector reform
SSRP	–	School Sector Reform Program
SWAp	–	sector-wide approach
TA	–	technical assistance
UNICEF	–	United Nations Children's Emergency Fund

GLOSSARY

Gender parity index	–	Girls' level of access to education compared to that of boys. A gender parity index of less than 1 indicates that there are fewer girls, in proportion to the appropriate school-age population, than boys. The index is calculated by dividing the female gross enrollment ratio by the male gross enrollment ratio for the given level of education.
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Gross enrollment rate	–	The total number of children enrolled in a specified stage of education as a percentage of the total number of children in the official age group for that stage.
Gross intake rate (grade 1)	–	The total number of new children in grade 1 (excluding repeaters) as a percentage of the total number of children of the official age of grade 1 entry.
Net enrollment rate	–	The number of children of official school age who are enrolled in a specified stage of education as a percentage of the total number of children in the official age group for that stage.
Net intake rate (grade 1)	–	The number of new entrants in grade 1 who are of official primary school entrance age, expressed as a percentage of the population of the corresponding age.
Repetition rate	–	The percentage of students who are retained in a grade for a second or more years.
Survival rate (primary)	–	The percentage of students who, having started in grade 1, go on and finish grade 5.

NOTES

- (i) The fiscal year (FY) of the Government of Nepal ends on 15 July. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2015 ends on 15 July 2015.
- (ii) In this report, “\$” refers to US dollars.

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BASIC DATA

A. Loan Identification

1.	Country	Nepal
2.	Loan and Grant Numbers	Subprogram I: Loan 2277 and Grant 0065 Subprogram II: Grant 0105 Subprogram III: Loan 2551 and Grant 0160
3.	Program Title	Education Sector Program
4.	Borrower	Government of Nepal
5.	Executing Agency	Ministry of Education
6.	Amount of Loan	SDR36.524 million (\$55.0 million at design stage)
	Amount of Grant	\$80.0 million
7.	Program Completion Report Number	1580

B. Grant/Loan Data

	ESP (I)		ESP (II)		ESP (III)	
	Grant 0065	Loan 2277	Grant 0105	Grant 0160	Loan 2551	
1. Appraisal						
- Date Started	3 Sep 06		10 Sep 07		14 Jun 09	
- Date Completed	10 Sep 06		19 Sep 07		3 Jul 09	
2. Loan Negotiations						
- Date Started	16 Oct 06		16 Nov 07		24 Aug 09	
- Date Completed	17 Oct 06		16 Nov 07		25 Aug 09	
3. Date of Board Approval	1 Dec 06		24 Jan 08		22 Sep 09	
4. Date of Grant/Loan Agreement	28 Dec 06		31 Mar 08		27 Nov 09	
5. Date of Grant/Loan Effectiveness						
- In Grant/Loan Agreement	28 Mar 07		29 Jun 08		25 Feb 10	
- Actual	6 Feb 07		14 Jul 08		17 Dec 09	
- Number of Extensions	0		1		0	
6. Closing Date						
- In Grant/Loan Agreement	30 Jun 10	31 Jan 10	30 Jun 12		31 Dec 12	
- Actual	2 Nov 11	9 Jan 09	19 Jan 12		26 Oct 11	
- Number of Extensions	1	0	0		0	

ESP = Education Sector Program.

7. Terms of Loans		
- Interest Rate		
Loan 2277	1.0% per annum during grace period and 1.5% per annum thereafter	
Loan 2251	1.0% per annum during grace period and 1.5% per annum thereafter	
- Maturity		
Loan 2277	24 years	
Loan 2251	24 years	
- Grace Period		
Loan 2277	8 years	
Loan 2251	8 years	

8. Terms of Relending (if any)	None
Interest rate	
Maturity (number of years)	
Grace period (number of years)	
Second-step borrower	

9. Disbursements

a. Dates

Subprogram	No	First Disbursement	Final Disbursement	Time Interval (months)
ESP (I)	Grant 0065	12 Apr 07	2 Nov 11	54.8
	Loan 2277	6 Mar 07	5 Jan 09	22.1
ESP (II)	Grant 0105	6 Aug 08	6 Aug 08	0
	Grant 0160	22 Dec 09	26 Oct 11	20.2
ESP (III)	Loan 2551	26 Oct 11	26 Oct 11	0
	Grant 0065	6 Feb 07	30 Jun 10	40.8
ESP (I)	Loan 2277	6 Feb 07	31 Jan 10	35.9
	Grant 0105	14 Jul 08	30 Jun 12	47.6
ESP (II)	Grant 0160	17 Dec 09	31 Dec 12	36.5
	Loan 2551	17 Dec 09	31 Dec 12	36.5

ESP = Education Sector Program.

b. Amount (\$)

Loan/Grant No. and Category	Original Allocation	Last Revised Allocation	Amount Cancelled	Net Amount Available	Amount Disbursed
Grant 0065 ^a					
01: Training packages	125,000	121,995	0	121,995	121,995
02: Stakeholder meetings	76,000	73,760	0	73,760	73,760
03: Consulting services	1,747,000	1,768,855	373,970	1,394,885	1,394,885
04: Operating expenses	30,000	35,390	0	35,390	35,390
05: Contingencies	22,000	0	0	0	0
Subtotal ^d	2,000,000	2,000,000	373,970	1,626,029	1,626,029
Loan 2277: ^b Subtotal	30,000,000	31,300,905	0	31,300,905	31,300,905
Total ESP (I)	32,000,000	33,300,905	373,970	32,926,934	32,926,934
Grant 0105: Subtotal	8,000,000	8,000,000	0	8,000,000	8,000,000
Total ESP (II)	8,000,000	8,000,000	0	8,000,000	8,000,000
Grant 0160: Subtotal	70,000,000	70,000,000	0	70,000,000	70,000,000
Loan 2551: ^c Subtotal	25,000,000	25,345,222	0	25,345,222	25,345,222
Total ESP (III)	95,000,000	95,345,222	0	95,345,222	95,345,222
Total Grants^d	80,000,000	80,000,000	373,970	79,626,029	79,626,029
Total Loans^d	55,000,000	56,646,127	0	56,646,127	56,646,127
Grand Total^d	135,000,000	136,646,127	373,970	136,272,157	136,272,157

ESP = Education Sector Program.

^a Except Grant 0065, all loans and grants are provided as a program, and they do not have any specific category.^b Loan 2277 provided SDR20,432,000 but this table shows the amount in US dollars. The original allocation and last revised allocation are different because of the difference in exchange rate.^c Loan 2551 provided SDR16,092,000, but this table shows the amount in US dollars. The original allocation and last revised allocation are different because of the difference in exchange rate.^d The figure has been rounded off.

10. Local Costs (Financed)

-	Amount (\$)	0
-	Percent of Local Costs	0
-	Percent of Total Cost	0

C. Program and Project Data

1. Program and project cost (\$ million)

Program	No	Cost	Appraisal Estimate	Actual
ESP (I)	Grant 0065	ADB	2.0	1.626
		Government	0.3	0.300 ^a
		Total	2.3	1.926
	Loan 2277	ADB	30.0	31.301
		Government	0	0
ESP (II)	Grant 0105	Total	30.0	31.301
		ADB	8.0	8.000
		Government	0	0
ESP (III)	Grant 0160	Total	8.0	8.000
		ADB	70.0	70.000
		Government	0	0
	Loan 2551	Total	70.0	70.000
		ADB	25.0	25.345
		Government	0	0
		Total	25.0	25.345
		Total	135.0	136.572

ADB = Asian Development Bank, ESP = Education Sector Program.

^a This is in-kind contributions through renting office spaces, and same figure on appraisal estimate is put here.

2. Financing Plan (\$ million)

Cost	Appraisal Estimate	Actual
Implementation Costs		
Borrower Financed	0.300	0.300
ADB Financed	135.000	136.272
Other External Financing	0	0
Total	135.300	136.572
IDC Costs		
Borrower Financed	0	0
ADB Financed	0	0
Other External Financing	0	0
Total	135.300	136.572

ADB = Asian Development Bank, IDC = interest during construction.

3. Cost Breakdown by Program and Project Component (\$)

Component	Appraisal Estimate	Actual
Grant 0065 ^a		
01: Training Packages	125,000	121,995
02: Stakeholder Meetings/Workshops	76,000	73,760
03: Consulting Services	1,747,000	1,394,885
04: Operating Expense	330,000	335,390
05: Contingencies	22,000	0
Subtotal	2,000,000	1,626,029
Loan 2277-NEP ^b	30,000,000	31,300,905
Grant 0105-NEP	8,000,000	8,000,000
Grant 0160-NEP	70,000,000	70,000,000
Loan 2551-NEP ^c	25,000,000	25,345,222
Total	135,300,000	136,572,156

^a Except Grant 0065, all loans and grants are provided as programs, and they do not have any specific components.

^b Loan 2277 provided SDR20,432,000, but this table shows the amount in US dollars. The original allocation and last revised allocation are different because of the difference in exchange rate.

^c Loan 2551 provided SDR16,092,000, but this table shows the amount in US dollars. The original allocation and last revised allocation are different because of the difference in exchange rate.

4. Program and Project Schedule

Item under ESP (I) Grant Project (Grant 0065)	Actual
Date of Contract with Consultants	
Policy Analyst, Team Leader ^a	1 Jun 2007
Education Policy and Program Specialist, Deputy Team Leader ^a	31 May 2007
Education Chief Policy Advisor ^a	31 May 2007
Metcon Consultants	4 Nov 2007
Education Policy Advisor	1 Mar 2011
Gender and Social Equity Specialist	1 Mar 2011
Program Coordination Expert	1 Mar 2011
Capacity Development Advisor	6 Apr 2011
Date of Contract with Suppliers and Others	
Refurbishment and IT support: Devtec Nepal	7 Jan 2008
School and teacher mapping: HD Nepal Consultants Group	4 Dec 2008
Office materials and miscellaneous	30 Jun 2009
Office materials and miscellaneous	30 Jun 2010
Stakeholder meeting/workshop and operating expense	15 Jul 2007
Stakeholder meeting/workshop and operating expense	16 Dec 2007
Stakeholder meeting/workshop and operating expense	31 Mar 2008
Stakeholder meeting/workshop and operating expense	24 Oct 2011

ESP = Education Sector Program, IT = information technology.

^a International Evaluation Training Corporation

Program	No	Tranche	Appraisal Estimate	Actual
ESP (I)	Loan 2277	First	Mar 2007	6 Mar 2007
		Second	Aug 2008	5 Jan 2009
ESP (II)	Grant 0105	Only one tranche	Jun 2008	6 Aug 2008
	Grant 0160	First	Feb 2010	22 Dec 2009
ESP (III)		Second	Jul 2011	26 Oct 2011
	Loan 2551	Second ^a	Jul 2011	26 Oct 2011

ESP = Education Sector Program.

^a ESP (III) consisted of a grant and a loan, and the first tranche was disbursed only through a grant. The second tranche was a mix of both grant and loan.

5. Program and Project Performance Report Ratings

Program	No	Implementation Period	Ratings	
			Development Objectives	Implementation Progress
ESP (I)	Grant 0065	From Dec 2006 to Nov 2011	S	S
	Loan 2277	From Dec 2006 to Jan 2009	S	S
ESP (II)	Grant 0105	From Jan 2008 to Jan 2012	S	S
	Grant 0160	From Sep 2009 to Oct 2011	S	S
ESP (III)	Loan 2551	From Sep 2009 to Oct 2011	S	S

ESP = Education Sector Program.

D. Data on Asian Development Bank Missions

Name of Mission	Date	No. of Persons	No. of Person-Days	Specialization of Members ^a
ESP (I) – Grant 0065, Loan 2277				
PPTA Fact Finding	31 Jan–10 Feb 2005	4	44	a, c, f, h
Appraisal	3–10 Sep 2006	4	24	a, c, d, e, g
Loan Inception	7–13 Feb 2007	3	21	a, c, l
Joint EFA Midterm Review	30 Apr–6 May 2007	4	28	a, c, f, h
Joint EFA Annual Review	28 May–5 Jun 2007	3	27	a, c, h
Special Loan Administration	9–14 Dec 2007	2	12	a, c
Joint Sector Review	8–11 Dec 2009	3	12	b, c, f
ESP (II) – Grant 0105				
Fact Finding	9–24 Jul 2007	4	60	a, c, h
Appraisal and PPTA Pre-F/F	10–19 Sep 2007	5	50	a, c, g, h, i
Consultation	11–14 Feb 2008	2	8	a, c
ESP (III) – Grant 0160, Loan 2251				
PPTA Inception	25–28 Mar 2008	3	12	h, c, f
TA Review	22–27 Oct 2008	3	18	a, c, f
Loan Reconnaissance	1–11 Dec 2008	4	44	a, c, f, h
TA Review	2–13 Feb 2009	4	48	a, c, f, h
Grant F/F	21 Mar–3 Apr 2009	5	70	a, c, f, g, h
Joint Sector Review ^b	8–11 Dec 2009	3	12	b, c, f
Joint Annual Review	19–23 Apr 2010	4	20	b, c, f
Special Loan and Technical Administration	13–25 Aug 2010	5	65	a, b, c, f
Joint Consultative Meeting	6–10 Dec 2010	3	15	b, f
Joint Consultative Mission	27 Nov–10 Dec 2010	4	56	b, c, f
Consultation Mission	13–27 Feb 2011	5	75	a, b, c, f
Joint Annual Review	9–13 May 2011	3	15	b, f
Joint Consultative Mission	1–15 Dec 2011	7	105	b, f, j, k
Joint Midterm Review	5–28 Mar 2012	7	141	b, f, j, k

EFA = Education for All, ESP = Education Sector Program, F/F = fact-finding, PPTA = program preparatory technical assistance, TA = technical assistance.

^a a = education specialist, b = social sector specialist, c = project implementation officer, d = financial management specialist, e = country program specialist, f = consultant, g = council, h = economist, i = social environment officer, j = public management specialist, k = project officer, l = project analyst.

^b This is the final joint sector review for the subprogram, and can be considered as the program completion review for subprogram I.

Source: Asian Development Bank.

I. PROGRAM AND PROJECT DESCRIPTION¹

1. Nepal had a decade-long civil conflict ended in 2006 which disrupted the socioeconomic development of the country. The gross domestic product growth rate (0%–4.0%) was erratic during the conflict in the early 2000s and the country required human capital with capacities to perform civic duties peacefully and engage productively in occupations. The job market required skilled workers with secondary school education to boost the economy. Despite the impressive progress towards the Millennium Development Goals, a wide disparity in access to quality education among disadvantaged groups remained a concern around 2006. Addressing the quality and efficiency of education was also an urgent issue.

2. During the civil conflict, schools in the rural areas served as easy targets because of the unique functions they performed.² Their physical infrastructure and space were conveniently used for accommodation, assembly, and training facilities. As a result, in addition to the disruption to the regular school activities, some of the teachers and students were inevitably drawn into the conflict. Financial resources were also exploited by threatening of teachers, who have stable cash incomes in the rural economy. While the school disruptions eased with the end of the conflict, local schools continued to be affected by political interferences.³

3. Restoring disrupted educational services after the conflict was challenging, but the Government of Nepal accelerated actions to achieve its goals under the Education for All (EFA) program. In 2000, it adopted the EFA agenda as a National Plan of Action to achieve its goals by 2015. The EFA program was launched between 2004 and 2009 by the government and its development partners, and the Asian Development Bank (ADB) joined the sector-wide approach (SWAp) in 2007 as a pooling partner.⁴

4. In December 2006, when the positive environment prevailed immediately after the peace agreement had been signed, ADB approved the Education Sector Program (ESP). It is a cluster of program loans and grants to support the restructuring of the school system into grades 1–12, consisting of basic education (grades 1–8) and secondary education (grades 9–12).⁵ The ESP comprised three sequential subprograms which were collectively estimated at \$135 million. Sequential policy-based lending (PBL) was to contribute to the SWAp, as strongly requested by the government. The expected outcome was a more equitable, inclusive, effective, and holistic education system. The holistic approach includes lifelong learning and synergies between basic and secondary education. Three subprograms were developed and implemented during 2007–2012. The program was expected to contribute to enhanced education attainment and livelihood, particularly for girls and disadvantaged groups.

5. The design, implementation, and results of all three subprograms are reviewed in this single program completion report (PCR) as these subprograms are sequential and closely connected with each other. Subprogram I (2006–2011) helped to trigger education reform through policy interventions to integrate the school system into a grade 1–12 structure. Subprogram II (2008–2012) undertook initial implementation of the grade 1–12 school system

¹ This completion report follows the ADB Guidelines for the Evaluation of Public Sector Operations in April 2016.

² Van Wessel, M., and R. van Hirtum. 2013. Schools as tactical targets in conflict: What the case of Nepal can teach us. *Comparative Education Review*. 57(1), 1–21. Massachusetts

³ Tejendra J. Pherali. 2012. Schooling in violent situations: The politicization of education in Nepal, before and after the 2006 peace agreement. *Prospects*. 43(1), 49–67. Geneva.

⁴ It was followed by the School Sector Reform Program (SSRP) between 2009 and 2016. The government envisioned transition from a project-based approach to an integrated SSRP, and requested ADB to join the SWAp.

⁵ Previously, the school system was a fragmented four-tier system consisting of primary (grades 1–5), lower-secondary (grades 6–8), secondary (grades 9–10), and higher secondary (grades 11–12).

reforms in a few districts, particularly focusing on grade 1–8 basic education. Subprogram III (2009–2011) supported a more extended implementation of the school system reforms.

6. The objective of subprogram I in the loan agreement was to achieve (i) improved policy interventions in primary and basic education and performance targets under the EFA; and (ii) a broadly accepted and financed grade 1–12 school sector reform (SSR) and restructuring framework, for implementation by FY2010. The project outcomes in the grant agreement were (i) institutionalized policy review, formulation, coordination, and follow-up functions; (ii) a broadly accepted and financed grade 1–12 SSR and restructuring program; (iii) a realigned legislative, governance, management, and finance structure appropriate for the grade 1–12 school system; and (iv) improved implementation of policy interventions under the EFA.⁶

7. Subprogram II assisted the government in transition to the SSR, in particular, conduct of a pilot exercise for extending basic education to 8 years in three districts (Rasuwa, Dadeldhura, and Kapilvastu), and broad capacity development for system readiness.⁷ In the grant agreement, this subprogram aimed to (i) revise the draft SSR core document including an analysis of preferred policy options as well as a program and financing framework for the SSR, and (ii) strengthen the capacity of the various stakeholders throughout Nepal to support the SSR.

8. Subprogram III finalized the cluster of the program. It supported the extension of basic education and the integration of secondary education into grades 9–12 for the first 3 years of the School Sector Reform Program (SSRP).⁸ The objective in the financing agreement was increased access to school and improved quality of school education, particularly grade 1–8 basic education for girls and children from marginalized groups. In addition, the capacity of the government for reform was strengthened by other development partners through the Joint Financing Agreement (JFA).

9. However, Nepal had to undergo momentous political changes, which posed challenges during the EFA period. The central agreement of the Comprehensive Peace Accord was the writing of a new constitution. Yet, the drafting was a complex political process which included dramatic events, including the abolition of the 250-year-old monarchy, frequent changes in government, and dissolution of the constituent assembly in 2012 due to differences on the federal structure to be adopted. Whereas the new constitution was promulgated in 2015 and Nepal grew modestly at about 4% during 2006–2016, it still remained the only low-income country in South Asia. The legislative policy actions, including education sector, were disrupted.

10. ADB subsequently supported the reform efforts further through the School Sector Program with an Asian Development Fund grant of \$65.00 million and \$3.46 million grant cofinancing from the Government of Australia. A separate PCR will be prepared for this School Sector Program after planned completion of the SSRP in July 2016. Development partners, including ADB, are currently preparing another follow-up program, the School Sector Development Program (SSDP). The SWAp and JFA, including graphical representation of the ESP, are in Appendix 1. Chronology of the main events is in Appendix 2.

⁶ ADB. 2006. *Report and Recommendation of the President to the Board of Directors: Proposed Program Cluster of Loans and Asian Development Fund Grants to Nepal: Education Sector Program I*. Manila.

⁷ ADB. 2008. *Report and Recommendation of the President to the Board of Directors: Proposed Asian Development Fund Grant to Nepal: Education Sector Program Cluster (Subprogram II, Grant 0105-NEP)*. Manila.

⁸ ADB. 2009. *Report and Recommendation of the President to the Board of Directors: Proposed Asian Development Fund Grant and Loan for Subprogram III to Nepal: Education Sector Program (Subprogram III, Grant 0160-NEP, Loan 2551-NEP)*. Manila.

II. EVALUATION OF DESIGN AND IMPLEMENTATION

A. Relevance of Design and Formulation

11. At appraisal, the ESP was highly consistent with ADB and Nepal's country strategy. The ADB country strategy recognized basic education provision as an instrument to support inclusive social and human development, as well as empowerment of poor and disadvantaged children.⁹ It aligned with the government's Tenth Plan (FY2003–2007), which addressed chronic poverty and social exclusion. This was also in line with the global EFA movement in 2000.

12. At completion, the program kept strategic links with both ADB's country partnership strategy (CPS) and Nepal's Three-Year Interim Plan (FY2008–2010). The CPS, 2010–2012 had inclusive social development as one of its strategic pillars.¹⁰ The strategic focus of the ESP remains important to the current government and ADB strategies, including the Thirteenth Interim Three-Year Plan and CPS, 2013–2017.¹¹

13. The design was prepared through four successful technical assistance (TA) projects and careful consideration of lending modality. ADB funded the advisory TA in 2004 to lay out the groundwork for the ESP through a series of stakeholder consultations with political parties, teacher unions, Dalit¹² associations, and school management committees (SMCs).¹³ In addition, two program preparatory TA projects were delivered for subprograms I¹⁴ and III,¹⁵ and capacity development TA was also provided (Appendix 3). The program actively strengthened the government ownership through the SWAp, and ADB provided PBL to reduce the government's transaction costs. For ADB, this was the first application of PBL in Nepal education sector, and tranche conditions were designed to gradually incorporate substantial actions to build trust.

14. Despite these strengths in design, this evaluation reveals some shortcomings in the design that led to challenges in achieving results. First, each subprogram had its own objective and design and monitoring framework (DMF). The DMFs included very ambitious targets, which were not corrected during the implementation. This was probably because of the government's optimism after the peace agreement and high aspirations to achieve EFA goals, with education seen as a peace dividend. Second, whereas there was influential theoretical underpinning on decentralized provision of service delivery,¹⁶ the decentralized education program was designed without a sound accountability mechanism, local capacity for monitoring, and funding.¹⁷

B. Program and Project Outputs

15. Considering the complexities of each subprogram having its own objective and DMF, this evaluation attempts to present the outputs by grouping them into four areas in line with program objectives: (i) increased access, (ii) improved quality, (iii) equity for girls and children from disadvantaged groups, and (iv) capacity development. While most of the achievements

⁹ ADB. 2004. *Country Strategy and Program: Nepal, 2005–2009*. Manila.

¹⁰ ADB. 2009. *Country Partnership Strategy: Nepal, 2010–2012*. Manila.

¹¹ ADB. 2013. *Country Partnership Strategy: Nepal, 2013–2017*. Manila.

¹² Historically disadvantaged occupational caste group.

¹³ ADB. 2004. *Technical Assistance to Nepal for the Preparation of Education Sector Development Policy and Strategy*. Manila.

¹⁴ ADB. 2005. *Technical Assistance to Nepal for Preparing the Education Sector Development Program I*. Manila.

¹⁵ ADB. 2007. *Technical Assistance to Nepal for Preparing the Education Sector Program (Subprogram III)*. Manila.

¹⁶ World Bank. 2004. *World Development Report 2004: Making Service Work for Poor People*. Washington, DC.

¹⁷ World Bank, Independent Evaluation Group. 2015. *Project Performance Assessment Report Nepal Education for All (IDA-39560 IDA-H3400)*. Washington, DC.

focused on the program objective of grade 1–12 school system restructuring, there were also other outputs, such as adult literacy. The detailed achievements for each subprogram are in Appendixes 4–6. Key indicators under the EFA are in Appendix 7.

1. Increased Access

16. The evidence on increased access is mixed. Improved access is defined as the ways in which education policies and institutions ensure that students have equitable education opportunities, and this program promoted phased policy actions toward free and compulsory basic education. According to an education management information system (EMIS) in the Ministry of Education (MOE), the net enrollment rate (grades 1–5) and intake rate at grade 1 improved substantially during the program period. In 2001, the net enrollment rate for grades 1–5, as per the EMIS, was 81.0%, and it reached 93.7% in 2009–2010 (slightly below the 96.0% target). Similarly, the net intake rate at grade 1 increased from 54.0% in 2001 to 90.7% in 2011. This was a substantial increase but fell short of the 95.0% target. Yet, it should be noted that the EMIS enrollment figure might be inflated due to the incentive to over-report by per capita financing. The net enrollment rate for primary school in the Nepal Living Standards Survey (NLSS) was 72.0% in 2003–2004 and 68.8% in 2010–2011, which were far less than the EMIS figure.¹⁸

17. The gross enrollment and intake figures showed little improvement, but this possibly implied positive aspects of continued access to school in the post-conflict setting. The baseline gross enrollment rate was 123.0% in 2001, and this had risen to 134.4% in 2014–2015, which was far from the 2009 target of 104.0%. It was partly responsible for the slow improvement of repetition rates and a continuing high intake rate at grade 1. In fact, the gross intake rate at grade 1 was 141.0% in 2001, which had fallen to 140.7% in 2011–2012, indicating that there were large numbers of either under- or overaged children in grade 1. However, this also indicated that more children are staying in school rather than becoming child laborers in post-conflict setting. It was also encouraging that the gross enrollment rate for early childhood education and development surpassed the 2009 target of 51.0%; the actual figure was 66.2% in 2009, and this improved to 77.7% in 2014–2015.

18. Survival rate and the percentage of out-of-school children revealed some improvements. The survival rate at grade 5 moved from 66.0% in 2001 to 82.8% in 2011–2012, although this figure also fell short of the 2009 target of 86.0%. Subprogram I aimed to reduce the out-of-school children figure from 24% to 4% by 2009, but it was still 21% in 2009–2010. However, progress has been made in recent years, and the EMIS figure was 11% in 2013–2014.

19. The scholarships for girls and disadvantaged groups might have a positive influence on access to education. According to the NLSS in 2003–2004 and 2010–2011,¹⁹ the percentage of children aged 5–12 years (grades 1–8) who responded that they had never attended school decreased from 19.5% to 6.5% (from 25.0% to 6.9% for girls). Among several reasons for not attending schools, “too expensive” decreased from 19.0% to 2.9% (from 19.3% to 3.5% for girls), a reflection of efforts to provide free school education.

20. Improved school infrastructure could be another contributing factor. The program developed guidelines for minimum enabling conditions for basic education. In 2012, 71.1% of

¹⁸ The EMIS and NLSS data are not comparable and, according to the MOE, they included stringent local data validation mechanisms, but differences need to be noted.

¹⁹ The NLSS is a nationally representative household survey supported by the World Bank, and was conducted in 1995–1996, 2003–2004, and 2010–2011. The survey covers a wide range of topics, including education.

schools had a drinking water source—an increase of more than 10 percentage points from the baseline of 59.4% in 2001 while falling short of the target of 90.0% by 2009. The proportion of schools with girls' toilets also increased from 37.5% in 2001 to 54.1% in 2012, but this also fell short of the original target of 80.0% by 2009. Access might have increased by construction and rehabilitation of better classrooms, libraries, laboratories, and schools for children with special needs. The number of schools increased by 30.8% from 26,277 in 2004 to 34,261 in 2011.

2. Improved Quality

21. Improving education quality remained a critical challenge. Under the DMF, the subprograms aimed to gauge improved quality through three elements: (i) timely delivery of textbooks; (ii) improved pupil–teacher ratio; and (iii) increase in percentage of teachers with required qualifications, training, and certification.

22. The timely delivery of textbooks remained a challenge in many districts. The program enabled the private sector to engage in textbook printing as a tranche condition, and the situation has improved. However, while EMIS data in 2013–2014 suggested that more than 70% of students received full sets of textbooks within the first 2 weeks of the new academic year, the public expenditure tracking survey (PETS), 2014 revealed the figure as 50%. A strong association was observed between textbook availability and the National Assessment of Student Achievement (NASA) for grade 8 in 2011 and 2013.

23. The government made efforts to improve pupil–teacher ratios for primary school. The target value was 37 in 2009, but the EMIS data revealed that the figure worsened from 39 in 2001 to 40 in 2011–2012. Although the figure eventually improved to 36 in 2014–2015, it was 3 years after program completion. The figure was calculated based on approved regular teacher positions in community schools, but the SMCs mobilized additional temporary and voluntary teachers through many different channels. If those teachers were taken into account, the pupil–teacher ratio was 31 in 2011–2012 and 26 in 2014–2015. This seemingly good ratio had the negative effect of undermining efficient teacher deployment and overall teaching quality.

24. Teacher qualifications and certifications improved substantially, almost reaching the ambitious target, but teaching practices and teacher deployment required further improvement. The program included policy actions to amend regulations and prepare action plans to achieve these targets. The percentage of teachers with the required qualifications and training increased by 74.2 percentage points from 15.0% in 2001 to 89.2% in 2011–2012. The percentage of certified teachers reached 96.9% in 2012–2013, which almost matched the demanding target of 99.0%. However, the PETS, 2014 found a teacher absenteeism rate of 14%, which was sizable but relatively low compared with other countries in South Asia.²⁰ Frequent strikes had taken place because of political problems and almost half of the teachers did not organize make-up sessions. Teachers normally prefer to stay in urban areas, and geographic distribution of qualified teachers was skewed. According to the NLSS in 2010–2011, poor academic progress was the biggest reason for drop-outs for children in grades 1–8.

25. Most importantly, little progress was observed in student learning achievements, particularly in public schools. In 2015, the pass rate for the grade 10 school leaving certificate (SLC) was 33.7% for public schools, significantly lower than the 90.0% record for private schools. The NASA also found no overall improvement for grade 8 students between FY2011–

²⁰ World Bank. 2014. *Public Expenditure Tracking and Quantitative Service Delivery Surveys in Nepal's Education Sector*. Washington, DC.

2013. International experience suggests that improving the education quality is more difficult than improving access.²¹ Quality education takes time and requires changes in teaching and learning attitudes, particularly in the post-conflict context. Yet, the NASA that was introduced under the program helped uncover this serious issue and led the policy to explore the solutions.

3. Equity for Girls and Children from Disadvantaged Groups

26. The provision of scholarships was designed for all Dalit children and 50% of girls, and was later extended to all girls. Poor, disabled students, and Janajati (ethnic minority group) were also beneficiaries. This scholarship covered costs, like educational materials and school uniforms, which provided parents with incentives to send their children to school. The PETS, 2014 found some leakages, but most of the beneficiaries received scholarships as intended.

27. The program also took affirmative actions to employ female teachers and teachers from disadvantaged group. However, the proportion of female teachers in secondary education has remained relatively low. A World Bank-funded school and household survey of 2012–2013 revealed that female teachers accounted for 48.1% in primary education, 35.3% in lower secondary education, and 25.0% for higher secondary education.

28. The program significantly improved access to school for girls. The gender parity index (GPI), which measures girls' level of school access compared to that of boys, exceeded the ambitious target. At appraisal, the benchmark for grades 1–5 was 0.60 in 2001 and the target figure was 0.90 in 2009. The GPI figure in the EMIS increased to 0.99 in 2011–2012, far above the target value. The GPI figure was corroborated and maintained in the Nepal Multiple Indicator Cluster Survey (MICS),²² 2010 and 2014.

29. Children from disadvantaged groups, such as Dalits and Janajatis, also gained better access to school. In fact, the EMIS in 2014–2015 demonstrated that Dalit children accounted for more than 20% of all children enrolled in primary school and Janajati children accounted for 36%, which exceeded their representation in the total population based on the 2011 census. Yet, Dalit drop-out rates and the number of out-of-school children in the Terai region remain relatively high and the disparities need to be addressed for certain disadvantaged groups.

30. In terms of learning achievement, whereas boys still outperformed girls in all subjects, the gender difference explained only 1% of the variation in the NASA. Some communities such as the Madhesi, however, showed a 10% gender difference for mathematics. Despite the increased access, the scores remained lowest for Dalit children, and there was a difference in mean scores between Dalit children and children from high caste groups by 16 percentage points in 2013. There is a need to address social equity in learning across geographic regions.

4. Capacity Development Program

31. The program assisted in producing numerous operational guidelines and procedures to restructure grades 1–8 into a basic education system. Although the amendment of the Education Act was finally approved by the Parliament on June 2016, the SSR plan had been implemented during the program period across the country through a cabinet decision on June

²¹ United Nations Educational, Scientific and Cultural Organization. 2015. *Education for All 2000–2015: Achievements and Challenges, Global Monitoring Report*. Paris.

²² The MICS is a national household survey, assisted by the United Nations Children's Emergency Fund, aimed at getting an indication of the status of children and women.

2008 and directives issued by the MOE as long as they are consistent with the existing act and rules. Under subprogram II, the model-building exercises were conducted as planned in Rasuwa, Dadeldhura, and Kapilvastu districts. The lessons learned are reflected in the policy and operational documents in different ways: (i) concept of basic education (grades 1–8) was introduced into the Education Rules, (ii) the Teacher Service Rules were amended to reflect minimum education qualifications up to intermediate school level, (iii) district examinations are conducted at grade 8, and (iv) a single SMC was formed for all levels of school.

32. Under the EFA program, the Department of Education (DOE) has produced a regular monitoring report (“Flash Report”) since the 2004–2005 school year using EMIS data. By 2014–2015, 21 flash reports had been produced, with quality, quantity, and timeliness showing improvement over time for monitoring and evaluation. Flash reports are shared and discussed with development partners in review missions. However, the EMIS relies on self-reporting from the field, where there is a potential to inflate enrollment data because of per capita financing. The data is triangulated through other surveys, such as the census, NLSS, demographic and health survey, and the MICS, but EMIS data validation has scopes for improvements.

33. Investment and funding for capacity development was inadequate. Weaknesses in public financial management and district-level supervision were repeatedly pointed out in review missions, but negligible budgets were allocated to correct these issues.²³ Although a decentralized education system essentially required local capacity, progress was not observed in this important area. The politicized SMCs were not as effective as expected, and parent–teacher associations did not have separate budgets for social audits.

5. Capacity Development Project

34. Through the grant project support, the SSR draft core document was prepared in 2007, and the SSRP was approved by the cabinet in 2009. In addition to office infrastructure development and secretariat support by the grant, ADB-funded TA projects also mobilized qualified experts to prepare the SSRP core documents with the MOE and DOE. Based on these foundations, the Education Policy Committee (EPC) actively provided strategic guidance at the initial stage of the ESP. An education sector advisory team which was supported by Denmark and later renamed the Education Program Support Office (EPSO) coordinated TA project activities from different development partners for institutional strengthening. The policy-making process was participatory through a series of stakeholder consultations with vulnerable groups and communities. However, the function of the EPC became less active when political leadership changed. Capacity development turned into ad hoc activities after Denmark withdrew from this SWAp, which dissolved the EPSO.

C. Program and Project Costs

35. Overall actual education expenditure exceeded the original budget estimate. Budget for the EFA (2004–2009) was estimated to be \$814.5 million, but according to the Independent Evaluation Group report in 2015, it was actually \$989.3 million. Similarly, the total estimated cost for the SSRP was NRs210 billion for the first 5 years, and this actually became at least NRs244 billion (more than 16% increase) due to 27% increase in teacher salaries.

36. With respect to ADB contribution under the ESP, \$136.28 million was disbursed (\$56.65 million in loans and \$79.63 million in grants) under the cluster program, which was more than

²³ Moriani, Brajacharya Bhata, and Mainali. 2013. *Institutional Analysis and Capacity Development Plan*. Kathmandu.

double the appraisal estimate of \$63.00 million in the ESP (I). The program loan under subprogram I was SDR20.43 million (equivalent to \$30.00 million) and the project grant was \$2.00 million. Subprogram II disbursed an \$8.00 million grant, and subprogram III provided a \$70.00 million grant and SDR16.09 million loan (\$25.00 million equivalent).

D. Disbursements

37. The program tranches were released to a government foreign currency account at the Nepal Rastra Bank (central bank of Nepal) after fulfillment of tranche release conditions. The funds were disbursed from the foreign currency account to the government consolidated fund based on submission of actual expenditures by the MOE. Other JFA pooling development partners used the same procedure. Under the project grant in subprogram I, an imprest account was established at the Nepal Rastra Bank, and disbursement followed ADB guidelines; 100.0% of total program funds and 81.3% of project funds were disbursed.

38. Under subprogram I, \$31.3 million was disbursed in two-tranche loans. The first tranche of \$15.4 million was disbursed based on the fulfillment of the following conditions: (i) endorsement of the EFA core document by the MOE, (ii) preparation of the EFA annual strategic implementation plan (ASIP), (iii) approval of the annual work plan and budget for FY2007, and (iv) achievement of performance targets in the FY2006 ASIP. With a slight delay of 4 months, the second tranche of \$15.9 million funded (i) preparation of the EFA ASIP for FY2009, (ii) achievement of performance targets in FY2007, and (iii) preparation of a time-bound action plan with resources on the implementation of the recommendations under the EFA midterm review (MTR).

39. Under subprogram I, a \$2.00 million grant project was approved in December 2006, and ADB disbursed \$1.63 million through direct payment. The project aimed to develop the institutional capacity of the MOE, and other stakeholders at central, regional, and district level in preparation for the SSR. This project included (i) capacity development for policy analysis and development; (ii) preparation of an SSR core document; and (iii) capacity development in the implementation of EFA for gender, social inclusion, financial management, and reporting. Three packages of consulting services supported central-level activities, information technology infrastructure and capacity development, as well as school and teacher mapping.

40. Under subprogram II, an \$8 million grant was disbursed in a single tranche upon grant effectiveness, which was delayed by 2 months compared with the original plan. The tranche release conditions were (i) preparation of a grade 1–12 SSR core document, (ii) MOE approval of the SSR transitional plan, and (iii) development of a better MOE financial control mechanism.

41. Under subprogram III, \$95.3 million was disbursed in two tranches, consisting of a \$70.0 million grant and \$25.3 million loan. The first tranche released a \$45 million grant slightly ahead of original schedule, based on the conditions fulfilled. The conditions included school restructuring, free education, minimum enabling conditions for basic education, student assessment, textbook printing, early childhood development, teacher deployment, capacity development, and overall SSR policy framework and program. The remaining \$50.3 million (\$25.0 million grant and \$25.3 million loan) was disbursed in the second tranche with 3 months delay, after the conditions were met. The fulfilled conditions include affirmative actions for licensed teachers who were women or from disadvantaged groups, conducting grade 8 final examinations, improved curriculum, skills development plan, revised policies and qualifications for teachers, and adoption of school improvement plans as a basis for education financing.

E. Program and Project Schedule

42. The cluster of subprograms was completed within the planned 6-year time frame of 2006–2012. Subprograms I–III were completed earlier than the originally scheduled time of December 2006–January 2010 (3.00 years) for subprogram I, January 2008–June 2012 (4.50 years) for subprogram II, and September 2009–December 2012 (3.25 years) for subprogram III.²⁴ Although there were some delays in disbursement during implementation, the delays were negligible (within a range of a few months). After subprogram I was approved and became effective, the first tranche was disbursed on 6 March 2007, which was on time, and the second tranche was disbursed on 5 January 2009, which was 4 months later than the original plan. The subprogram II grant was approved in 24 January 2008 and took effect on 14 July 2008, and the single tranche was disbursed on 6 August 2008, which was less than a 2-month delay. The subprogram III financing agreement was signed on 27 November 2009 and took effect on 17 December 2009. The first tranche was disbursed on 22 December 2009 and the second tranche on 26 October 2011. The disbursement schedule for the program is in Appendix 8.

43. The grant project was delayed by 16 months. The closing date was extended from 30 June 2010 to 2 November 2011 because the government needed support for capacity development until completion of the ESP.

F. Implementation Arrangements

44. The MOE was the executing agency²⁵ and DOE was the implementing agency. An interministerial high-level body—the EPC—comprising members from the MOE, National Planning Commission, and Ministry of Finance, was created in June 2006 to provide broad education policy guidance. The EPC had a technical secretariat, which was supported by ADB-funded national consultants. The MOE established a project steering committee, chaired by the MOE secretary, to manage the grant project activities. The committee was tasked to approve annual work plans and budgets, and undertook monitoring and coordination. The joint secretary of the MOE Planning Division served as the project director for day-to-day decision making.

45. In the spirit of supporting the SWAp, the JFA was developed. It stipulated the responsibilities of the government and development partners, and served as a useful guide to program implementation under the SWAp. The JFA development partners met regularly to review the progress and they commit and disburse funds. The leadership of the donor group was undertaken on an annual rotating basis, and the donor focal point served as a main spokesperson to communicate with the government.

G. Conditions and Covenants

46. The ESP loan covenants covered 39 policy actions for tranche release conditions, and almost all of them were fully complied with. Under subprogram I, there were seven tranche release conditions and all of them were complied with. For subprogram II, there were four tranche release conditions and all were fully complied with. Subprogram III had 28 conditions, 27 of which were fully complied with. The remaining condition, amendment of the Education Act, was eventually waived because it entailed difficult political consensus on issues, such as the rationalization of temporary teachers, under a fragile political administration, and went beyond the remit of MOE alone and was subject to parliamentary process. Yet, this condition was

²⁴ The actual closing date for each subprogram was January 2009 for subprogram I, January 2012 for subprogram II, and October 2011 for subprogram III.

²⁵ Initially, the Ministry of Education and Sports was the executing agency, but it was renamed as the MOE in 2008.

substantially complied with, based on alternative arrangements of amending directives and circulars issued by the MOE. After 4.5 years from program completion, the bill was approved by the Parliament on June 2016.

47. Covenants for program implementation were mostly complied with, but because of weak institutional and financial capacity, covenants related to the governance and accountability action plan framework were not substantially complied with. The status of compliance with the tranche conditions and covenants for each subprogram is in Appendixes 9–11.

H. Related Technical Assistance

48. There was no attached TA under the program but four TA projects were provided for the program preparation and implementation. They are summarized in Appendix 3.

I. Consultant Recruitment and Procurement

49. The grant project in subprogram I included procurement of goods and services for the development and implementation of the SSRP. The international and national consultants were hired to help the government and ADB meet the conditions specified in the policy matrix.

J. Performance of Consultants, Contractors, and Suppliers

50. Overall, the performance of the project management and technical consultants was assessed *satisfactory*. The international consultants supported preparation of the quality SSR strategy. A local consulting firm also supported the logistics as well as procurement and refurbishment of MOE office buildings and information technology facilities. The school and teacher mapping was also prepared.

K. Performance of the Borrower and the Executing Agency

51. The overall borrower and executing agency's performance is rated *less than satisfactory*. While the political and financial commitment of the government was strong, there were significant weaknesses in fiduciary management and local capacity. Despite the political instability with frequent changes in administrations, the government continuously allocated an average of around 16% of state budget to education during the program period, the highest of all sectors, and more than 80% of education expenditure was spent on primary and secondary education. Most of the tranche conditions were fulfilled. These actions evidenced the strong ownership by the government. Yet, while the EPC provided strategic guidance and coordination at the initial stage, it became less effective as a steering committee.

52. MOE's institutional capacity was weak at district and school levels, and this impeded the delivery of results. While it aimed to manage a fast-growing program with the support of TA projects from donors, negligible district-level monitoring took place, partly because of the political impasse and prolonged absence of elected bodies. While a roster of qualified teachers for recruitment was available at the end of FY2014, the delays provided the SMCs with space to exert political influence over teacher recruitment and deployment. The social audits were conducted in many schools and districts by parent–teacher associations, but they were not as effective in correcting flaws and improving delivery as originally envisaged. The PETS, 2014 also found that approximately 10% of schools actually received the funds without social audits.

53. The financial management systems of the MOE were significant shortcomings and a threat to effective and efficient implementation. The PBL instrument uses country systems but does not provide the tools to explicitly intervene and strengthen public financial management capacity in the education sector. The Office of the Auditor General in Nepal repeatedly found large ineligible expenditures, many of which arose from lack of timely and effective reconciliation of expenditures and utilization against allocations. The financial irregularities came from a variety of sources, such as excessive payment of teacher salaries, overpayment of scholarships and textbooks, and holding unused amounts from the construction budget. Despite extensive support from the World Bank, there were significant delays in the submission of financial statements because of the weak financial management capacity at the district level.

L. Performance of the Asian Development Bank

54. ADB's performance is rated *satisfactory*. The design with the cluster of subprograms supported the move from a fragmented project approach to a more holistic SWAp to support nationwide SSR education policy in Nepal. While initial tranche release conditions are somewhat process-oriented, the first two subprograms helped in establishing mutual understanding and trust among development partners and the government. They laid the foundations for implementing an integrated SSRP, and ADB provided TA projects at critical junctures for the detailed design of subprograms I and III. The subprogram III incorporated rigor in leveraging deep institutional and policy changes within the program. Moreover, ADB staff actively participated in joint annual reviews and consultation meetings with other development partners under the SWAp. In particular, ADB took a leading role in 2011 and 2012 as the focal point, and spearheaded the MTR of the SSRP in March 2012. TA reports contributed to the productive policy discussions on institutional capacity at the central level. While the World Bank took a leading role on mitigating fiduciary risk, ADB also conducted the PETS in 2011–2012 to address this serious issue.

55. ADB contributions were also acknowledged by the government and development partners, despite some drawbacks. For instance, original targets and economic analysis were too ambitious. Lack of local capacity was acknowledged, and ADB-funded TA projects provided several policy options, but the recommendations were not adopted. The interview with development partners, however, suggested that ADB played an important role in the coalition, complied with requirements of the JFA, and was instrumental in the SSRP. The key ADB officers continued to get involved in the program. ADB did not impose a specific agenda, and respected government ownership, which built trust among stakeholders. From the development partner's perspective, ADB's involvement in the SWAp added value in conveying strong united messages to the government on relevant topics.

56. The performance of joint SWAp partners is also assessed *satisfactory*. There are several JFA pooling and non-pooling development partners under the SWAp (see Appendix 1), and each of them mobilizes its strength to jointly achieve common goals under the EFA and SSRP.

III. EVALUATION OF PERFORMANCE

A. Relevance

57. The program is rated *relevant*. It was highly consistent with the strategies of the government and ADB, both at appraisal and completion. The program was innovative because the SWAp strengthened government ownership with a series of subprograms using the first PBL instrument in Nepal education sector. The program design also contributed to reduce the

transaction costs of the government. In close consultation with the government and other development partners, the program was designed in a proper sequence with multitranche conditions, and this clustered programmatic approach was appropriate for the fragile political situation which Nepal confronted during the program implementation period. The design also built on an inclusive consultative process with many stakeholders, including disadvantaged groups, supported by the program, project, and TA projects. The program design adopted a gradual approach to incorporate deeper levels of policy actions over time for gaining trust from the government and development partners while the tranche release conditions were, in retrospect, somewhat process-oriented in the initial stage. There were, however, some weaknesses in design. Some of the DMF's targets were too ambitious and these did not undergo midcourse corrections and lack of local capacity was not paid full attention.

B. Effectiveness in Achieving Outcome

58. Overall, the program is rated *less than effective* because there were some weaknesses in achieving intended outcomes. Despite the fact that all policy actions were substantially met, they did not necessarily translate into results. The policy action to amend the Education Act was finally approved recently, but had a delay because of the fragile political context. For effectiveness assessment, it should be noted that the attribution of ADB-funded assistances is hard to establish due to the nature of program support through a SWAp. This PCR attempts to examine ADB contribution to the EFA and SSRP in Nepal, where relevant.

59. The overall program effectiveness rating is derived from four areas. First, improved access is rated *less than effective* because most of the indicators in DMF are below the ambitious target although evidence suggests that more children stayed in school in a difficult post-conflict setting. Second, education quality is assessed *less than effective* since several outputs, such as teacher qualifications, are ameliorated, but they do not improve the student learning outcomes as demonstrated in the NASA and SLC examinations. Third, the program is rated *effective* in enhancing equity due to the fact that the GPI exceeds the ambitious original target, and disadvantaged groups have better access to schooling. However, distributional effects by poverty, geography, and social barriers need to be addressed further. Fourth, the capacity development (institutional development) is evaluated *less than effective* because local capacity is largely unaddressed in service delivery, monitoring and financial management capacity, under the decentralized education system in Nepal. Nonetheless, the program developed institutional capacity of the central government, particularly the MOE and DOE.

60. Amendment of the Education Act was waived from the tranche release conditions, but the bill was finally approved on June 2016. The delay was responsible for the continued political instability, including the vacuum of legal constituency, and the difficult political consensus to rationalize temporary teachers hampered the approval, and these political events were unforeseeable at the design of the initial ESP after the conclusion of historic peace agreement. Yet, many issues were covered by the MOE directives. The bill had been prepared and submitted to the Parliament for a few times, and it was finally approved on June 2016. All other tranche release conditions were complied with. A series of three subprograms with several tranches was adequate in the fragile post-conflict situations in Nepal.

61. The program had no negative environmental and social consequences. This program was classified C for both environment and involuntary resettlement. The site selection and construction were conducted in accordance with the National Environmental Guideline for School Improvement and Facility Management, which could be an achievement of the environment safeguard framework. No land acquisition and no involuntary resettlement were

reported by the MOE. The indigenous peoples category was classified B, but no negative impacts were reported by the MOE. A gender and vulnerable communities action plan was prepared in subprogram III, and six out of nine actions were not implemented well because of ambitious targets and difficult social conditions after civil conflict (Appendix 13).

62. An unintended consequence was politicization of the SMCs and teachers. The decentralized education system was expected to provide the flexibility to accommodate local needs in diverse socioeconomic conditions. However, political instability continued after 2006 and local politics intervened in the SMCs to strengthen political base. Nepotism practiced by the SMCs in teacher selection and deployment undermined the professional teaching cadre.²⁶

C. Efficiency in Achieving Outcome and Outputs

63. Overall, the program is rated *efficient*. The program approved and disbursed funds in a timely fashion and was completed within the specified time frame, fulfilling most of the policy actions. Each subprogram fund was fully utilized, and the grant project also disbursed 81.3% of total funds. It should, however, be noted that \$63.00 million was estimated for the entire subprogram I, but it eventually was more than double from the original estimate (\$134.65 million disbursement). This was mainly attributable to the substantial teacher salary increase.

64. Despite cost increases, the results of ex-post economic analysis implied a relatively good use of resources. In general, the benefit stream of educational achievement, particularly primary schooling, requires a long-term horizon, and this is often hard to monetize for estimating a credible economic internal rate of return (EIRR). With these constraints in mind, ex-post EIRR recalculation yields 15.0%, which is still above the 12.0% of benchmark opportunity cost of capital. This figure is significantly lower than the original estimate of 39.2% at the design stage of subprogram III. The gap is largely accounted for by the SSRP overall cost increase and slow improvement on internal efficiency measured by repetition and drop-out rates (Appendix 12).

D. Preliminary Assessment of Sustainability

65. Overall, the partial program outcomes achieved under the program are *likely sustainable*. The political situation is expected to be more stable following the promulgation of the new constitution in September 2015 after years of delay. The constitution establishes the universal right to free and compulsory basic education for every citizen, which will address education access and equity. The Parliament approval on amending the Education Act on June 2016 will also sustain the integrated grade 1-12 education system. The level of budget allocated for the education sector is the highest of all sectors, and the proportion of foreign aid contribution in the state education budget has also decreased in recent years, which implies less dependency on foreign aid. The government remains financially and politically committed to invest in education, and strategic plans for teacher recruitment and deployment are actively considered. These collective measures are likely to sustain and further improve outcomes, including the education quality, through the SSDP with continued supports from development partners.

66. Local institutional capacity development, particularly financial management capacity, will also be strengthened under the SSDP. The PETS, 2014 identified 7% of ineligible expenditures in the execution of the annual budget. The survey also found over-reporting of the scholarship beneficiaries. This substantial fiduciary risk has been addressed partly through the use of bank

²⁶ Shams, Thapa, and Parajuli. 2013. *Teacher Management and Deployment in Nepal*. Kathmandu.

accounts for teacher salary transfers. The government and development partners remain committed to addressing this issue, and the SSDP will mitigate the risk by rolling out the computerized accounting system, which automates existing manual records and reconciliation.

67. While the devastating earthquakes in 2015 certainly disrupted sustainability in the short run, the damaged schools will be reconstructed with the concept of “Build Back Better”.²⁷ Though the progress is slow, seamless joint efforts from relief to recovery to reconstruction are going on. Overall improved access and equity gained during the program are likely to be sustained in the long term because of the availability of temporary learning spaces and continued scholarships, as well as rehabilitated school infrastructure.

E. Impact

68. The development impacts are *less than satisfactory*. The program aimed to have an impact on enhancing educational attainment and livelihood, particularly for girls and disadvantaged groups. The impact to close the education gap in gender is encouraging, and disadvantaged groups, such as Dalits, have also achieved more years of schooling. Boys still outperform girls in the NASA, but the difference in its effect size is modest. Dalit children are among those with the lowest achievement scores, but progress has been made. Increases in mean years of schooling and household income are also encouraging. According to the NLSS, the average number of school years completed for those who attended school in the past has increased from 7.5 years in 2003–2004 to 8.1 years in 2010–2011. If the rate continues to grow at the same pace, the target of 8.5 mean years of schooling by 2014 might have been achieved.

69. However, quality of education remains a significant challenge. Although there was certain improvement in teacher quality, this did not necessarily translate into improved learning, as evidenced by the slightly declining score in the NASA for grade 8 between 2011 and 2013 as well as the proportion of children with an SLC. Local capacity in the decentralized education system has not yet been fully developed, and the human development index did not show sign of improvement between 2006 and 2014. The impact on inclusive economic growth is limited.

IV. OVERALL ASSESSMENT AND RECOMMENDATIONS

A. Overall Assessment

70. Overall, the ESP is rated *successful*. It is *relevant* to the government and ADB’s strategy and design, but *less than effective*, particularly on access, quality, and institutional development. The program is *efficient* because of timely completion and reasonable EIRR. The program outcomes are *likely sustainable*, taking into account the strong commitment of the government and continued support from development partners. However, development impacts are *less than satisfactory* as a result of weak local capacity. This is related to *less than satisfactory* rating for the performance of the borrower and executing agency. Yet, ADB performance is rated *satisfactory* because of the intensive supervision and policy dialogues throughout the program.

B. Lessons

71. Three salient lessons emerged from the ESP. First, program design needs to strike a balance between strategic selection of key policy and a holistic approach. Transformation of the

²⁷ Government of Nepal, National Planning Commission. 2015. *Nepal Earthquake 2015: Post Disaster Needs Assessment*. Kathmandu.

education system needs a wide range of reforms and while the ESP included broad policy actions, initial policy dialogue suffered from lack of depth to induce critical policy changes. Sequenced strategic priorities need to be identified through the guidance of the highest ministerial committee, such as the EPC. Similarly, a comprehensive DMF is necessary, but it needs to be aligned with the program objective rather than the entire government program. The indicators require consistency among the subprograms, at least at outcome level, and be within reach through the concerted efforts of the government and donors with midcourse corrections.

72. Second, prioritized policy actions in the SWAp need to be supported by sound public financial management and supervision, under the decentralized education system. The education quality outcomes hardly improved and fiduciary risk remains substantial. Numerous policies and guidelines were revised at the central level and disseminated at the local level, but they were not enforced in the field due to weak capacity and local politics. Slow progress in public financial management might undermine the continued engagement of development partners, and inadequate supervision could nurture political favoritism and nepotism.

73. Third, capacity development requires coordinated institutional and funding mechanisms. The weak local enforcement can be addressed through a good mix of international best practice and contextual understanding. However, the program faced difficulties in the timely recruitment of experts using the country system. The EPSO partly addressed this issue but was eventually dissolved as a result of discontinued funding, and ad-hoc TA from development partners increased transaction costs, which is against the spirit of the SWAp. Reinvigorating capacity development mechanisms, by sustainable institutions and funding, is key to making a difference.

C. Recommendations

74. **Future monitoring.** Despite some challenges, the SWAp is acknowledged as one of the best coordination mechanisms in Nepal and this monitoring system should be maintained. It is recommended that ADB continues to engage in policy dialogue, keeping an eye on the progress toward quality basic education, financial management, and local institutional capacity for results.

75. **Further action or follow-up.** The amendment of the Education Act needs to be enforced in the decentralized education system through local capacity development.

76. **Additional assistance.** The ESP focused on basic education but secondary education needs to be addressed under the SSDP to complete the grade 1–12 reform. While improvement is needed in all subjects, the NASA results suggest weaknesses in mathematics and science.

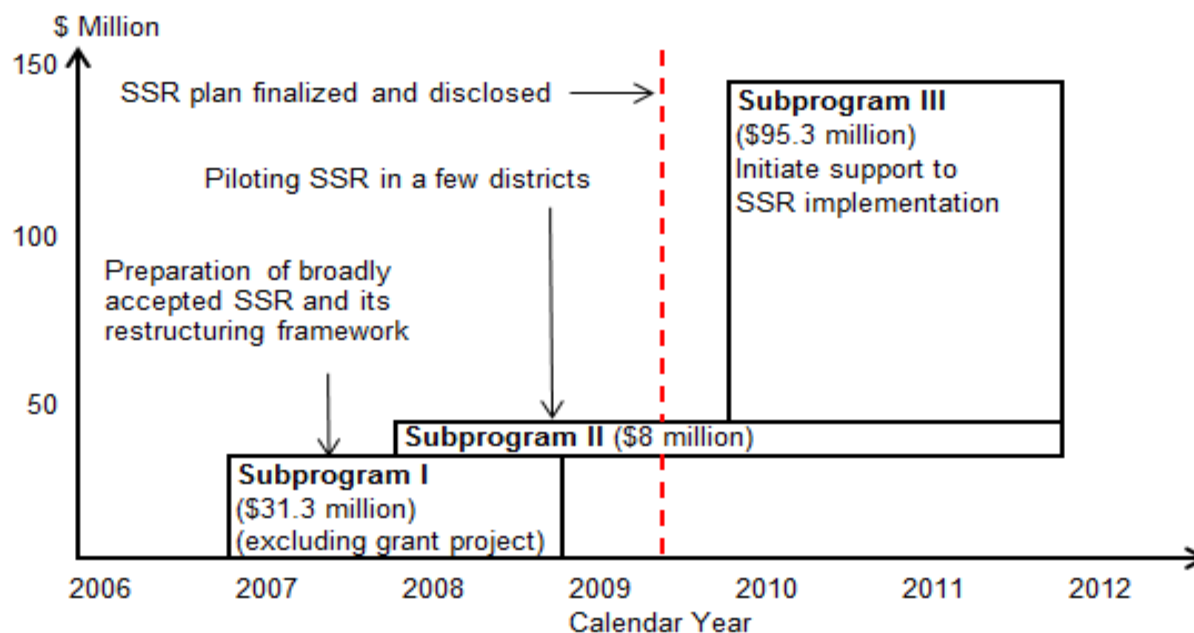
77. The PBL was a good fit for the SWAp, but results-based lending might work even better. The PBL was instrumental in reducing transaction costs of the borrower and executing agency, and focused on policy reforms. The results-based lending could enhance the criticality of policy actions even more because disbursement is designed to reward specific results. It should, however, be carefully designed with due consideration given the fiduciary risks, local capacity development, and flexibility for addressing emerging challenges at regular intervals.

78. **Timing of project performance evaluation report preparation.** The report will be best prepared before the MTR of the SSDP.

SECTOR-WIDE APPROACH AND JOINT FINANCING AGREEMENT UNDER EDUCATION FOR ALL AND SCHOOL SECTOR REFORM PROGRAM

1. In 2000, the World Education Forum on Education for All (EFA) was held in Dakar, Senegal and Nepal adopted a national plan of action to achieve six EFA goals by 2015. The Government of Nepal prepared an EFA core document in 2003, and development partners were encouraged to join forces to implement the EFA, 2004–2009. It had three objectives: (i) ensuring access and equity in primary education, (ii) enhancing quality and relevance of primary education, and (iii) improving efficiency and institutional capacity.
2. Prior to the EFA, 2004–2009, development partners provided assistance to the education sector in Nepal through individual projects. For instance, the Asian Development Bank (ADB) supported the Secondary Education Development Project (1990–2000) and Teacher Education Project (2001–2009). Other development partners, such as the World Bank, also supported the Basic and Primary Education Project I and II (1992–2004). Numerous other development partners were active, but the approach was fragmented and transaction cost was increasing, particularly for the Ministry of Education (MOE). Against this backdrop, the MOE called for the adoption of a sector-wide approach (SWAp) to implement the EFA. The SWAp was expected to enhance donor coordination and harmonization, reduce transaction costs, and generate more support for recurrent costs by moving away from the traditional fragmented project lending support system.
3. For the successful implementation of a SWAp, the Joint Financing Agreement (JFA) specified the division of labor between the government and development partners. The government was responsible for maintaining a financial management system for transparency and timely reporting. Development partners review the annual strategic implementation plan and annual work plan and budget, and ensure timely release of their contributions. The agreement also includes a stipulation to refrain from initiating unilateral reviews and/or evaluation of the EFA program to the extent possible, and encourages joint semiannual reviews to minimize transaction costs. The ex-post evaluation is no exception, and a specific program completion report by the borrower was not prepared only for this ADB-funded program. The joint evaluation reports have been prepared to assess overall program performance, and they are considered as a borrower program completion report. In fact, the Norwegian Agency for Development Cooperation funded a joint evaluation in 2009 for the EFA and the European Union funded joint evaluation in 2016 for the School Sector Reform Program.
4. ADB joined this SWAp by signing a JFA through the Education Sector Program starting from 2007, and the relationship of the three subprograms is summarized in the following figure.

Graphical Understanding of the Subprogram I-III



SSR = school sector reform.
Source: Asian Development Bank.

5. The original JFA partners for the EFA were the Department for International Development of the United Kingdom, Finland, Norway, Denmark, and the World Bank. Other development partners also participated in the JFA along the way. As of December 2015, JFA pooling partners under the School Sector Reform Program were ADB, Australia, the European Union, Global Partnership for Education, Finland, the Japan International Cooperation Agency (JICA), Norway, the United Nations Children's Fund (UNICEF), and the World Bank. The non-JFA partners who are part of this program-based approach include the JICA; United Nations Educational, Scientific and Cultural Organization; UNICEF; United Nations Populations Fund; United Nations Development Programme; United States Agency for International Development; the World Food Programme; and some international nongovernment organizations (JICA and UNICEF work both within and outside of the pool fund).

6. This SWAp arrangement is likely to continue under the School Sector Development Program (SSDP). The government is currently preparing a nationwide program to improve school education and the SSDP will be a successor to the previous programs in school education. The SSDP is considered a flagship initiative of the government in education and high priority is attached to strengthening secondary education in line with the country's aim to move towards a middle-income economy level. The reforms and interventions of previous programs will be continued, both as unfinished business as well as introducing new sets of reforms and interventions.

7. It is recommended that the government reinvigorates the high-level committee with the concerned ministers, as well as the secretariat, for capacity development. Strategic guidance from political leaders needs to translate into local capacity development to demonstrate results, and a dedicated secretariat can be instrumental in bridging the gap between high-level decision making and local needs through mobilizing funding and development partner international expertise.

CHRONOLOGY OF MAIN EVENTS

Date	Event
26–28 Apr 2000	World Education Forum on EFA was held in Dakar, Senegal and Nepal adopted the Dakar Framework for Action for Education for All: Meeting Our Collective Commitments.
2001	National Population Census, 2001 was disclosed.
Jan 2003	The Nepal EFA National Plan of Action (2001–2015) was published.
17 Nov 2003	The Government of Nepal adopted its core document on the EFA, and laid out the foundation for its EFA, 2004–2009 program.
12 Apr 2004	ADB approved the advisory TA (Education Sector Development Policy and Strategy).
Aug 2004	The JFA for EFA was concluded among the original pooling development partners and the government.
Dec 2004	NLSS, 2003–2004 was published.
Dec 2005	ADB approved the project preparatory TA (Preparing the Education Sector Development Program I).
24 Apr 2006	A mass uprising throughout the country compelled King Gyanendra to relinquish state powers and reinstate the dissolved lower house of Parliament.
7 Nov 2006	The Seven Parties Alliance and Communist Party of Nepal (Maoists) reached a historic peace agreement.
1 Dec 2006	ADB approved the Education Sector Program (I).
16 Jan 2007	Interim constitution was adopted.
May 2007	Midterm review of Nepal EFA Program, 2004–2009.
Dec 2007	ADB approved the project preparatory TA (Preparing the Education Sector Program [Subprogram III]).
24 Jan 2008	ADB approved the Education Sector Program (II).
10 Apr 2008	A first constituent assembly election was held.
Mar 2009	Joint evaluation of Nepal's EFA, 2004–2009 sector program, funded by NORAD, was disclosed.
May 2009	The Prime Minister of Nepal resigned.
Aug 2009	The School Sector Reform Plan, 2009–2015 was disclosed by the Ministry of Education.
22 Sep 2009	ADB approved the Education Sector Program (III).
16 Dec 2010	ADB approved the capacity development TA (Support for the Implementation of SSRP).
July 2011	The JFA for SSRP was signed by all development partners.
Oct 2011	The NLSS, 2010–2011 was published.
22 Nov 2011	ADB approved the School Sector Program.
Mar 2012	Midterm evaluation of the SSRP.
28 May 2012	The constitutional assembly was dissolved, and failed to finalize the constitution. It

Date	Event
	left the country in a legal vacuum.
Nov 2012	The National Population and Housing Census, 2011 was disclosed.
Mar 2013	ADB consultants published the Teacher Management and Development in Nepal.
Sep 2013	ADB consultants published the School Sector Reform Plan Nepal Institutional Analysis and Capacity Development Plan.
19 Nov 2013	The second constituent assembly election was held.
27 Mar 2014	Public Expenditure Tracking and Quantitative Service Delivery Surveys in Nepal's education sector were published by the World Bank.
25 Apr 2015	Disastrous earthquake, magnitude around 8, hit Nepal and killed over 8,000 people and injured more than 21,000.
12 May 2015	Major aftershock with 7.3 magnitude occurred in Nepal.
20 Sep 2015	Constitution of Nepal came into effect.
22 Dec 2015	Independent evaluation group of the World Bank published Project Performance Assessment Report on Nepal Education for All (IDA-39560 IDA-H3400).
March 2016	Joint evaluation of the SSRP, funded by the European Union, will be disclosed.
June 2016	Amendment of the Education Act has been endorsed by the Parliament.

ADB = Asian Development Bank, EFA = Education for All, JFA = Joint Financing Agreement, NLSS = Nepal Living Standards Survey, NORAD = Norwegian Agency for Development Cooperation, SSRP = School Sector Reform Program, TA = technical assistance.

Source: Asian Development Bank.

TECHNICAL ASSISTANCES PROVIDED FOR THE NEPAL EDUCATION SECTOR PROGRAM

1. Among numerous technical assistance (TA) projects supported by development partners, the Government of Nepal received four TA projects funded by the Asian Development Bank (ADB) related to the Education Sector Program. The TA projects were overall rated *successful* despite some weaknesses in efficiency. Prior to subprogram I, the first advisory TA was approved in April 2004 for \$150,000, and this was eventually increased to \$460,000 (actual disbursement was \$421,873) through three contract amendments. The TA was completed on June 2007, which was 33 months later than the original estimate of September 2004. Although this TA was rated *successful* in its completion report, it was inefficient because the cost and length of this TA were significantly underestimated at the design stage. However, this TA was effective in (i) developing stakeholder capacity in education policy analysis, (ii) designing a subsequent grant project in subprogram I, and (iii) laying the foundation for the school sector reform (SSR) becoming the highest education agenda. The findings of this TA were also integrated with subsequent subprograms.

2. The second program preparatory TA of \$600,000, approved in December 2005, was funded through ADB TA grant (\$450,000) and the Poverty Reduction Cooperation Fund (\$150,000) administered by ADB, and 82.7% (\$349,528 for the ADB grant and \$146,494 for the cooperation fund grant) was actually disbursed. In addition to the ADB support of \$600,000, the government committed in-kind counterpart support of \$150,000. This TA built on the first advisory TA and contributed to the (i) establishment of the Education Policy Committee, and (ii) elaboration of an SSR concept paper. This TA was *successful* in developing the capacity of the Ministry of Education to analyze issues in and constraints on the existing system and envisioning an SSR plan through a wide range of stakeholder consultations, which translated into drafting of the SSR core document. Although this TA was relevant, effective, and likely sustainable, it was less than efficient because the actual financial completion date was eventually in May 2008, almost 1.5 years later than in the original plan.

3. The third TA was a project preparatory TA for subprogram III. It was undertaken between December 2007 and April 2012 through a \$600,000 TA grant funded by the Government of Japan Special Fund, of which 75.7% (\$454,146) was actually disbursed in addition to an \$110,000 in-kind commitment by the government. The TA assisted in refining policy options and strategies for the SSR with financing frameworks, and designing subprogram III for the government and development partners. Environmental safeguard frameworks, such as land acquisition through voluntary donations, as well as a gender and vulnerable communities' action plan were prepared, and prioritization of the reform agenda was extensively discussed under this TA, which was reflected in tranche release conditions. Whereas the TA was less than efficient because of the 33-month delay, it was relevant, effective, and likely sustainable, which implied *successful* completion of the preparation for subprogram III.

4. Finally, a capacity development TA grant of \$225,000 was approved in December 2010 to take a leading role among Joint Financing Agreement development partners. In fact, ADB was selected to be co-focal point in 2010, and a focal point from September 2011 to September 2012. The TA amount was eventually increased to \$415,000, and \$380,372 was disbursed, which was 169.1% of the original amount. An additional 15 months was required for financial completion. The TA completion report rated the TA *successful* based on the well-implemented joint review meetings and support for the midterm review of the School Sector Reform Program.

PROGRAM DESIGN AND MONITORING FRAMEWORK: SUBPROGRAM I

Design Summary	Performance Targets and Indicators	Achievement	Data Sources/ Reporting Mechanisms
Impact Increased level of education attainment and livelihood, particularly for girls and disadvantaged groups	Improved HDI Higher average household income of school completers Higher SLC pass rates (by gender, income level, and ethnic group) especially of public school students by 10% (from baseline in 2007) in 2012	The HDI value remained almost the same, from 0.547 in 2006 (ranked 144th) to 0.548 (ranked 145th) in 2014. Nominal average household income was NRs80,111 in 2003–2004, and it increased to NRs202,374 in 2010–2011. SLC pass rate actually decreased, from 60.0% in 2007–2008 to 41.6% in 2012–2013.	Human Development Report NLSS, 2003–2004 and 2010–2011 EMIS
Outcomes A. Increased access to and improved quality and efficiency of basic and primary education in accordance with the EFA	Nepal EFA, 2004–2009 Expanding ECD and PPC services to poor and disadvantaged children GER for ECD/PPC from 13% (2001) to 51% (2009) New entrants in grade 1 with ECD from 8% (2001) to 60% (2009)	GER for ECED was 66.2% in 2009–2010, far exceeding the target. New entrants in grade 1 increased to 49.9% in 2009–2010, which was significant but still below the target.	EMIS EMIS
	Ensuring access to education for all children NER for grade 1–5 from 81% (2001) to 96% (2009) Gross intake rate at grade 1 from 141% (2001) to 110% (2009) Net intake rate at grade 1 from 54% (2001) to 95% (2009) GER primary from 123% (2001) to 104% (2009)	NER for grade 1–5 reached 93.7% in 2009–2010, which was slightly under the target value. Gross intake rate at grade 1 remained almost unchanged at 144% in 2009–2010. Net intake rate at grade 1 was 86.4% in 2009–2010, which was significant but did not meet the target. GER primary was 141.4% in 2009–2010, exacerbating the situation.	EMIS EMIS EMIS EMIS
	Meeting the learning needs of all children Repetition rate at grade 1 from 39% (2001) to 10% (2009) Repetition rate at grade 5 from 9% (2001) to 3% (2009) Survival rate to grade 5 from 66% (2001) to 86% (2009)	Repetition rate at grade 1 was 26.5% in 2009–2010, which was some improvement but was not sufficient. Repetition rate at grade 5 reached 6.7% in 2009–2010, which was some improvement but was not sufficient. Survival rate to grade 5 was 77.9%, which was significant, but still 8 percentage points behind the target.	EMIS EMIS EMIS

Design Summary	Performance Targets and Indicators	Achievement	Data Sources/ Reporting Mechanisms
	Reducing adult illiteracy		
	Literacy rate 15+ from 48% (2001) to 66% (2009)	Literacy rate for 15+ was 56% in 2009–2010, which was an improvement but was below the target of 66%.	EMIS
	Literacy rate age group 15–24 from 70% (2001) to 82% (2009)	Literacy rate age 15–24 was 75% in 2008–2009, which was an improvement but was below the target of 82%.	EMIS
	Literacy rate 6+ from 54% (2001) to 76% (2009)	Literacy rate 6+ was 63% in 2009–2010, which was below the target of 76%.	EMIS
	Literacy gender parity index 15+ from 0.6 (2001) to 0.9 (2009)	Literacy gender parity index 15+ was 0.76 in 2010–2011, which was half way toward the target of 0.90.	Population Census
	Eliminating gender disparity		
	Gender parity for grade 1–5 from 0.6% (2001) to 0.9% (2009)	Gender parity index based on NER for grade 1–5 was 0.98% in 2009–2010, far exceeding the target of 0.90%.	EMIS
	Improving all aspects of quality education		
	Pupil–teacher ratio at primary level from 39:1 (2001) to 37:1 (2009)	Pupil–teacher ratio at primary level increased to 44:1 in 2009–2010 for community schools based on approved teacher positions, which was consistent with benchmark value.	EMIS
	Percentage of teachers with required qualification and training from 15% (2001) to 99% (2009)	Percentage of teachers with required qualification and training improved significantly to 70.2% in 2009–2010, but this figure was still below the ambitious target of 99.0%.	EMIS
	Percentage of teachers with required certification (no data for 2001) to 99% (2009)	Percentage of teachers with required certification was 91% in 2008–2009, which did not meet the target of 99%.	EMIS
	Percentage of learning achievement at grade 5 average from 40% (2001) to 60% (2009)	Percentage of learning achievement at grade 5 reached 53% in 2008–2009, which was some improvement but did not meet the target of 60%.	EMIS
B. Increased stakeholder capacity in policy analysis, formulation, and sector-wide planning and processes	Preparation for 1–12 school sector reform		
	Education legal and regulatory framework adjusted for 1–12 by 2009	Some pilot activities, directives, and guidelines were prepared, and the bill for the Education Act was finally approved by the Parliament on June 2016. The delay is partly because of political instability. In fact, the political administration changed three times between 2008 and 2012, resulting in the dissolution of the constitutional assembly. Although the constitutional assembly was resumed in 2014, the	Interview results with ADB and MOE officials
	Sector and school financing system adjusted for 1–12 by 2009		
	Central and local sector operations management adjusted for 1–12 by 2009		

Design Summary	Performance Targets and Indicators	Achievement	Data Sources/ Reporting Mechanisms
		first priority was given to declare the new constitution, which was proclaimed in October 2015.	
Outputs 1. Support to Nepal EFA program	Enhanced decentralization Share of subsector non-salary budget transferred to schools as grants 60% by 2009	Excluding teachers' salaries, the school grant constituted 79% of the SSRP expenditure between FY2009 and FY2012.	Audit report for FY2013
	Improved access and equity over baseline Share of out-of-school girls reduced from baseline (24%) to 4% (2009) Percentage of schools with required number of classrooms of acceptable standard increased from baseline (51%) to 82% (2009) Percentage of schools with safe drinking water increased from baseline (59.4%) to 90.0% by 2009 Percentage of schools with girls' toilets increased from baseline (37.5%) to 80.0% (2009)	It is not likely to meet the target value. Out-of-school children, between 5 and 12 years, were 21% in 2009–2010 and 11% in 2013–2014. World Bank report found 7.4% out-of-school girls by the end of 2009. 14,000 new classrooms were constructed and 6,500 were rehabilitated in 4 years of project implementation, against targets of 8,000 constructed and 6,000 rehabilitated. The actual figure fell short of the target; 71.1% of schools have a source of drinking water with minimum physical facilities in 2012. The target was not achieved. The proportion of separate toilets for boys and girls was 54.1% in 2012.	SSRP joint evaluation and World Bank ICR on EFA project in 2010 World Bank ICR on EFA project in 2010 World Bank-funded school and household survey, 2012–2013 World Bank-funded school and household survey, 2012–2013
	Enhanced quality and relevance School environments become more conducive to learning Percentage of accredited schools to be 50% for grade 1 and 10% for grade 2 (2009) Number of schools providing transitional language support to non-Nepali-speaking students increased to 300 by 2009	A total of 1,757 schools have been accredited. The breakdown by grade is: (i) grade 1 - 6%; (ii) grade 2 - 49%; (iii) grade 3 - 41%; and (iv) grade 4 - 4%. With the support from Finland, the Multilingual Education Program for all non-Nepali Speaking Students of Primary Schools of Nepal was conducted, and the project supported six targeted districts (Jhapa, Dhankuta, Sansari, Rasuwa, Palpa, and Kanchanpur) with seven pilot schools and eight languages covering all four language families. The SSRP aimed to support 7,500 schools, but it turned out to be unrealistic and approximately 300 schools implemented a certain level of multilingual education for children	World Bank ICR on EFA project in 2010 Medium of Instruction and Languages for Education Report in 2015 and the SSRP joint evaluation

Design Summary	Performance Targets and Indicators	Achievement	Data Sources/ Reporting Mechanisms
	Percentage of schools conducting social audits increased to 75% (cumulative) by 2009	between grades 2 and 5. The target might have been met by 2009. The figure in 2009 was not available, but 86% of schools carried out social audit in FY2012.	PETS, 2014
	Improving efficiency and institutional capacity Percentage of subsector non-salary allocations in school grants increased from 2% (2001) to 20% (2009) Number of schools completing school improvement plans increased from 8,000 (2001) to 18,000 (2009) Share of schools receiving grants on time to 75% by 2009 Schools receiving textbooks on time (no baseline data) 18,000 by 2009	As of December 2009, the figure is 77%. The proportion of schools with school improvement plans was 70.1% in 2012. Since total number of schools is around 31,000 in 2009, approximately 22,000 could have school improvement plans, which exceeded the target value. Timeliness for school grants on teacher salary support was 96%, girls' scholarship 79%, and Dalits' scholarship 79% in 2012. In 2012, only 50% of schools reported receiving full sets of textbooks within the first 2 weeks of the new academic session. Since the total number of schools was around 31,000 in 2009, the number of schools receiving textbooks on time is likely to be 15,500, which was behind the target of 18,000.	World Bank ICR on EFA project in 2010 World Bank funded school and household survey 2012–2013, Education at a Glance 2009 issued by MOE PETS, 2014 PETS, 2014 and Education at a Glance, 2009 issued by the MOE
2. Preparation for 1–12 school sector reform and restructuring, and improvement in EFA	Capacity in policy functions strengthened EPC mobilized by 2006 Technical secretariat established by 2006 Thematic group briefing papers on governance, finance, equity, and quality issues in schools prepared by 2007 EPC position papers on system governance, finance, equity, and quality in schools prepared by 2007 EPC position papers disseminated by MOES, discussed in public forums by 2007	EPC was set up by 2006. Technical secretariat was established along with EPC. MOE mobilized a team composed of thematic groups related to governance and management, quality, financing, social inclusion, structure, monitoring, and TEVT. EPC position paper was prepared. A number of consultative workshops through TA support were held in Kathmandu as well as out of the valley to discuss EPC position paper.	ESP (I) RRP ESP (II) RRP ESP (II) RRP Interview with ADB staff Interview with ADB staff

Design Summary	Performance Targets and Indicators	Achievement	Data Sources/ Reporting Mechanisms
	Framework for 1–12 school system finalized by 2007	Framework for 1–12 school system was finalized.	Interview with ADB staff
	Core document for 1–12 system prepared		
	Core document group mobilized by 2006	There was the SSR core document writing team.	ESP (II) RRP
	Draft core document prepared by mid-2007	Draft core document was prepared by the end of 2007.	ESP (II) RRP
	Consultation with stakeholders at national level and in 25 districts, completed by 2007	A series of stakeholder consultations was held, involving political parties, teacher unions, Dalit associations, district offices, and school management committees.	ESP (III) RRP
	Core document finalized by 2008	SSRP was approved by the cabinet in 2009.	ESP (III) progress report
	EFA implementation further improved		
	Time-bound action plans for program improvement endorsed at midterm review in 2007, and implemented in 2008	EFA midterm review was conducted in May 2007, and midterm review recommendations were finalized in October 2008.	ESP (II) RRP
	Refined strategy for gender and social inclusion, including scholarship management, and recruitment of female and Dalit teachers, endorsed by the vulnerable communities development working group and implemented by DOE after the midterm review in 2007	ESP (III) has a gender and vulnerable communities' action plan.	ESP (III) RRP
	Immediate actions to improve financial management initiated by the financial management task force in 2007	Certain actions were taken, but public financial management capacity remains weak.	IEG 2015

ADB = Asian Development Bank, DOE = Department of Education, ECD = early childhood development, EFA = Education for All, EMIS = education management information system, EPC = Education Policy Committee, ESP = Education Sector Program, GER = gross enrollment rate, HDI = human development index, ICR = implementation completion results report, IEG = independent evaluation group, MOE = Ministry of Education, MOES = Ministry of Education and Sports, NER = net enrollment rate, NLSS = Nepal Living Standards Survey, PETS = Public Expenditure Tracking Survey, PPC = pre-primary class, RRP = Report and Recommendation of the President, SLC = school leaving certificate, SSR = school sector reform, SSRP = School Sector Reform Program, TA = technical assistance, TEVT = technical education and vocational training.

Source: Asian Development Bank.

PROGRAM DESIGN AND MONITORING FRAMEWORK: SUBPROGRAM II

Design Summary	Performance Targets and Indicators	Achievement	Data Sources and Reporting Mechanisms
Impact Enhanced education attainment and livelihoods, particularly for girls and disadvantaged groups	Grade 5 school survival rates, NER for lower secondary and secondary, SLC pass rates improved (by gender, income level, and ethnic group) by 10% (from baseline in 2007) by 2012	<p>Grade 5 survival rate improved far more than 10 percentage points from 54.0% in 2007–2008 to 84.1% in 2012–2013.</p> <p>NER of higher secondary grades 11–12 was 10.4%, lower secondary grades 9–10 was 54.3% (and secondary for grades 9–12 was 32.4%). Baseline value in 2007 was not available in EMIS, but 2009–2010 figure for higher secondary was 6.8% and for lower secondary 40.8%, indicating more than 10.0 percentage points increase in lower secondary and 3.6 percentage points increase in higher secondary.</p> <p>SLC pass rate decreased from 60.0% in 2007–2008 to 41.6% in 2012–2013.</p>	<p>EMIS</p> <p>EMIS, Flash I Report 2012–2013</p> <p>EMIS</p>
	EFA goals and performance targets	Results are mixed. This performance target is too ambiguous to describe its achievement. For details, refer to EFA joint evaluation, SSRP joint evaluation, or EFA National Review Report, 2001–2015.	
Outcome Broadly accepted and adequately-financed SSR policy, program, and financing framework	Revised SSR core document successfully appraised and finalized for implementation throughout the country by FY2010	SSR core document had been revised a few times through joint appraisal missions of development partners, and SSR plan was finalized in 2009 to cover the period between FY2010 and FY2016 through consultation with a wide range of stakeholders for its implementation.	ESP (III) progress report
Outputs 1. A revised SSR core document, with an analysis of preferred policy options and a program and financing framework	<p>Transition to grade 1–8 basic education system successfully implemented in pilot districts and schools by FY2011</p> <p>Lessons learned and experiences gained from implementation of grade 1–8 basic education in pilot districts and schools adequately reflected in the SSR core document by FY2010 and FY2011</p>	<p>The model-building exercises were conducted as originally planned in three districts (Rasuwa, Dadeldhura, and Kapilvastu).</p> <p>While lessons learned were not summarized in a single document, (i) concept of basic education was introduced in Education Rules, (ii) Teacher Service Rules were amended to reflect minimum education qualification up to intermediate school level, (iii) district level examination was conducted at grade 8, and (iv) single SMC was formed for all levels for implementation.</p>	<p>SSRP</p> <p>Interview results with consultants</p>

Design Summary	Performance Targets and Indicators	Achievement	Data Sources and Reporting Mechanisms
2. Capacity of stakeholders at various levels developed throughout Nepal in support of the SSR	Capacity development activities successfully implemented by FY2012	This performance target is too ambiguous to evaluate, and it turned out that local capacity was not adequate to implement the SSRP.	IEG PPAR for EFA project in 2015

EFA = Education for All, EMIS = education management information system, ESP = Education Sector Program, IEG = independent evaluation group, NER = net enrollment rate, PPAR = project performance assessment report, SLC = school leaving certificate, SMC = school management committee, SSR = school sector reform, SSRP = School Sector Reform Program.

Source: Asian Development Bank.

PROGRAM DESIGN AND MONITORING FRAMEWORK: SUBPROGRAM III

Design Summary	Performance Targets and Indicators	Achievement	Data Sources and Reporting Mechanisms
Impact Enhanced education attainment and livelihood, particularly for girls and disadvantaged groups	Mean years of schooling increased from 7.5 (2003) to 8.5 (2014)	Mean years of schooling has been improving. The mean years of schooling for those who have attended school or college in the past are 7.5 years based on NLSS, 2003–2004 and 8.1 years based on NLSS, 2010–2011. If there is the same improving trajectory, the target of 8.5 mean years of schooling might be met.	NLSS, 2003–2004 NLSS, 2010–2011
Outcome Increased access to and improved quality of school education, particularly basic education (grades 1–8), especially for girls and children from marginalized groups	NER for basic education (grades 1–8) increased from 73% (2008) to 85% (2014) GPI in GER for basic education increased from 0.95 (2008) to 0.98 (2014) Percentage of students attaining grade-level competency in grade 8 improved	NER for basic education reached 91.4% in 2014–2015, surpassing the target value of 85.0%. GPI in NER for basic education was 1.00 in 2014–2015, exceeding the target of 0.98. This measurement is too ambiguous to evaluate its achievement, but learning achievement results were still low with little improvements over time.	EMIS EMIS EMIS, NASA
Outputs Basic Education Equitable access to quality basic education for all children in 5–12 age group	Net intake rate at grade 1 increased from 81% (2008) to 94% (2014) GER for primary (grades 1–5) decreased from 147% (2008) to 135% (2014) GER for basic education (grades 1–8) increased from 123% (2008) to 132% (2014) NER for primary (grades 1–5) increased from 92% (2008) to 99% (2014) Share of out-of-school children aged 5–12 (overall, Dalit, educationally disadvantaged groups, poor, lagging districts) reduced GPI in GER for primary increased from 0.97 (2008) to 0.99 (2014) Repetition rates in grade 1 decreased from 28% (2008) to 2% (2014) and in grade 5 from 7% (2008) to 2% (2014)	Net intake rate was 93% at grade 1 in 2014–2015, substantially achieving the target of 94%. GER for primary was 134.4% in 2014–2015, fulfilling the target of 135.0%. GER for basic education reached 117.1% in 2014–2015. NER for primary was 96.2%, which was slightly below the ambitious target of 99.0% in 2014. Share of out-of-school children among 5–12 year olds decreased from 21.0% to 10.8% between 2004 and 2011. GPI for NER for primary reached 0.99 in 2014, meeting the target value. Repetition rate for grade 1 was 19.9% in 2014–2015, which was some improvement but far from the target value of 2%. Repetition rate for grade 5 also remained at 5.3% in 2014–2015, which did not meet the target.	EMIS EMIS EMIS EMIS PETS, 2014 EMIS EMIS

Design Summary	Performance Targets and Indicators	Achievement	Data Sources and Reporting Mechanisms
	Percentage of students attaining grade-level competency at grades 3, 5, and 8	NASA was conducted for grades 3 and 5 in 2012 and 2014 as well as grade 8 in 2011 and 2013. Average score of students' learning achievement in grades 3 and 5 ranged from 53% to 63% whereas grade 8 was from 35% to 49%. Achievement of students in various subjects did not improve over time, and level of achievement is low by international standard.	NASA: A Glimpse of Results 2015
Secondary Education Access, equity, quality, and relevance of secondary education Improved	NER (grades 9–12) increased from 21% (2008) to 27% (2014) GER (grades 9–12) increased from 40% (2008) to 66% (2014) SLC and HSLC pass rates increased as percentage of exam candidates from 62% (2008) to 71% (2014) for the SLC and from 25% (2008) to 41% (2014) for the HSLC	NER for grades 9–12 reached 34.7%, far exceeding the target of 27.0%. GER for grades 9–12 was 51.6%, which showed some improvement but was not enough to meet the target of 66.0%. SLC decreased to 43.9% in FY2013, but the higher secondary education pass rate was 44.3% in FY2013, which exceeded the target of 41.0%.	EMIS EMIS EMIS
ECED Access expanded to quality ECED services for 4-year old children to prepare them for basic education	Percentage of 4-year-old children enrolled in ECED increased from 63% (2008) to 87% (2014) Percentage of new entrants at grade 1 with ECED increased from 36% (2008) to 64% (2014)	Percentage of 4-year old children enrolled in ECED increased to 81%, which was still below the target of 87%. Percentage of new entrants at grade 1 with ECED experience improved to 59.6% in FY2014, but this figure was below the target of 64.0%.	Flash Report, 2014 EMIS
Literacy and Lifelong Learning Functional literacy and basic competencies among youth and adults enhanced	Number of enrollments in literacy and post-literacy classes increased by 15% Percentage of enrollees graduating from literacy and post-literacy competency exams increased by 15%	Literate Nepal Mission was launched in September 2012 and 3.9 million people enrolled in literacy and post-literacy classes. While no exam was conducted, the government reported that the literacy rate has seen continuous improvements in recent years.	Interview with government officials Interview with government officials
TEVT Secondary students equipped with TEVT soft (prevocational) skills	Phased implementation plan for pilot testing of alternative contributions of general education to skills development based on available assessment and agreed options developed by July 2010 TEVT soft skills course pilot tested in agreed number of schools	Implementation plan was prepared. Soft skills of grades 6–8 students have been piloted in 100 schools. For grades 9–10, soft skills are now incorporated in the curriculum of six compulsory subjects, and this is	Interview with ADB staff SSRP joint evaluation

Design Summary	Performance Targets and Indicators	Achievement	Data Sources and Reporting Mechanisms
	Evaluation report of pilot interventions completed by July 2012	currently being piloted in 80 schools. TVET Soft Skills Project Completion Report, 2012–2016 was prepared in March 2016.	TVET Soft Skills Project Completion Report, 2012–2016
Teacher Professional Development Teachers' qualifications and professional competencies enhanced to better facilitate students' learning processes	Percentage of teachers certified (basic and secondary) increased from 91% (2008) to 97% (2014) Percentage of teachers with required qualification (basic) increased from 66% (2008) to 88% (2014) Percentage of teachers with required qualification (secondary) increased from 77% (2008) to 93% (2014) Percentage of female teachers in primary education increased from 35% (2008) to 50% (2014) and in secondary education from 13% (2008) to 25% (2014)—with 10% female head teachers	Percentage of teachers with required certification reached nearly 99% for basic and secondary education in 2014–2015, surpassing the target values. Percentage of teachers with required qualification and training for basic education exceeded the target value, and reached 91.4%. Percentage of teachers with required qualification and training for secondary education improved to 83%, but this figure was still below the target of 93%. Percentage of female teachers in primary education was 41.9% for all types of school and 38.2% for community schools, which were below the target value of 50.0%. The same indicators for secondary education also did not meet the target, at 17.4% for all types of school and 13.9% for community schools.	EMIS EMIS EMIS EMIS
Capacity Development, Management, and Monitoring and Evaluation Delivery and monitoring of educational services, and evaluation of outcomes improved	Number of languages for which instructional materials have been developed increased from 12 (2008) to 22 (2014) Number of languages for which teachers have been trained increased from 12 (2008) to 22 (2014) Number of schools carrying out continuous assessment in grades 1–3 increased from 0 (2008) to 8,000 (2014) Teacher attendance rate increased from 85% (2008) to 90% (2014)	Curriculum Development Center has developed 23 textbooks in various national languages. However, the study report noted that the textbooks were developed by translating the existing Nepali language without process of local adaptation and validation. Some teachers received various training, attended workshops and gatherings at national level, and had exposure visits to other schools. This is certainly encouraging, but the training is far from sufficient to address medium of instruction. The target of 8,000 schools with continuous assessment system has been met. 17.0% and 15.8% of teachers were absent on the first and second days of the research team's school visit based on teacher's daily attendance registers (2012–2013), which is not likely to meet the target attendance	Medium of Instruction and Language Study Report Medium of instruction and language study report Interview with government officials. World Bank-funded school and household survey, 2012–2013

Design Summary	Performance Targets and Indicators	Achievement	Data Sources and Reporting Mechanisms
	Percentage of students receiving textbooks within 2 weeks of school session start improved against the target	value of 90% in 2014. In 2014, only 50% of schools reported receiving full sets of textbooks within first 2 weeks of the new academic session. The target value was supposed to be set up through baseline survey during the first year of implementation, and World Bank document implied 80% target in the fifth year of SSRP. However, EMIS reported that 73.1% at primary level, 77.6% at lower secondary level, and 76.5% at secondary level received full sets of textbooks within 2 weeks of new academic year.	PETS, 2014; World Bank project appraisal document for SSRP, 2013; Flash report, 2013–2014
	Percentage of eligible students receiving targeted scholarships within 1 month of scheduled time improved against the target	In 2014, nearly 80% of the beneficiaries received the scholarships as per disbursement schedule. The target value was supposed to be set up through the baseline survey during the first year of implementation, and DFID datasheet of SSRP disclosed for IATI set the target of 60% in 2014.	PETS, 2014 DFID database of SSRP disclosed for IATI
	Share of per capita funding, teacher's salary grants (Rahat), and non-salary grants disbursed to schools in the first trimester	More than 95% of schools received recurrent budget grant (salary) on time in the first trimester in 2010 and 2011. The figure for capital budget grant (construction) is above 70%.	PETS, 2014

DFID = Department for International Development of the United Kingdom, ECED = early childhood education development, EMIS = education management information system, GER = gross enrollment rate, GPI = gender parity index, HSCL = high school leaving certificate, IATI = International Aid Transparency Initiative, NASA = National Assessment of Student Achievement, NER = net enrollment rate, NLSS = Nepal Living Standards Survey, PETS = Public Expenditure Tracking Survey, SLC = school leaving certificate, SSR = School Sector Reform Program, TEVT = technical education and vocational training.

Note: ADB results framework indicators relevant to this program are (i) students benefiting from new or improved educational facilities, and (ii) teachers trained with quality or competency standards. The crude estimate for the first figure is 606,607,675 (male–312,767,169, and female–293,840,506) considering population at basic education and net enrollment rate. The second figure is roughly estimated as 37,818 (male 24,691, and female 13,127) assuming that the number of fully trained teachers at community schools (basic education) increased by 30% under the program.

Source: Asian Development Bank.

KEY INDICATORS UNDER EDUCATION FOR ALL

Goals and Performance Targets		Benchmark	Status	Status	Status	Status	Status	Target	Status	Status	Status	Status	Status	Status	Status
		2001	2003	2005	2006	2007/08	2008/09	2009	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
1	Expanding ECED														
1.1	GER for ECED (%) ^a	13	19.9	47	48	60	63	51	66.2	70	72.9	73.7	76.7	77.7	80.6
1.2	New entrants in grade 1 with ECED (%)	8	...	...	18.3	33	36	60	49.9	52.1	54.3	55.6	56.9	59.6	62.4
2	Ensuring access to education for all children														
2.1	NER for grade 1–5 (%)	81	83.5	86.8	87.4	89	92	96	93.7	94.5	95.1	95.3	95.6	96.2	96.6
2.2	Gross intake rate at grade 1 (%)	141	117	148.1	148	141	148	110	144	142.4	140.7	137.7	141.8	137	135.5
2.3	Net intake rate at grade 1 (%)	54	76.1	...	...	78	81	95	86.4	89	90.7	91.2	91.6	93	93.8
2.4	GER primary (%)	123	126.7	145.4	138.8	NA	142.8	104	141.4	139.5	135.9	130.1	136.8	134.4	134
3	Meeting the learning needs of all children														
3.1	Repetition rate at grade 1 (%)	39	...	...	29.8	28	18	10	26.5	22.6	21.3	19.9	17.5	15.2	12.3
3.2	Repetition rate at grade 5 (%)	9	...	...	10.4	7		3	6.7	5.7	5.4	5.3	5.3	5.3	5.3
3.3	Survival rate to grade 5 (%) ^b	66	60	79.1	80.3	54	58	86	77.9	80.6	82.8	84.1	85.4	86.8	89.4
4	Reducing adult illiteracy														
4.1	Literacy rate 15+ (%) ^c	48	48	55	58.5	52	56	66	56	57	57	57	57	57	57
4.2	Literacy rate age group 15–24 (%) ^c	70	...	...	79.4	73	75	82	NA	NA	NA	NA	NA	NA	NA
4.3	Literacy rate 6+ (%)	54	...	...	...	63	69	76	63	61	65.9	65.9	65.9	65.9	65.9
4.4	Literacy Gender Parity	0.6	0.6	0.72	...	0.61	0.74	0.9	na	0.76	0.76	0.76	0.76	0.76	0.76

Goals and Performance Targets			Benchmark	Status	Status	Status	Status	Status	Target	Status	Status	Status	Status	Status	Status	Status
			2001	2003	2005	2006	2007/08	2008/09	2009	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Index 15+																
5	Eliminating gender disparity															
5.1	Gender Parity Index for grade 1–5	0.6	...	...	0.94			0.9	0.98	0.98	0.99	0.99	0.99	0.99	0.99	0.99
6	Improving all aspects of quality education															
6.1	Student–teacher ratio at primary (%)	39	35.8	49.8	45.2	43.8	NA	37	42	43	40	38	37	36	35	35
6.2	Percentage of teachers with required qualification and training (basic) (%)	15	17.4	45	59.9	62	66	99	70.2	77	89.2	90.3	90.6	91.4	92	92
6.3	Percentage of teachers with required certification (basic) (%)	...	...	...	...	90	91	99	NA	NA	NA	96.9	98.1	98.6	98.8	98.8
6.4	Percentage of learning achievement at grade 5 (%)	40	...	...	...	50	53	60	NA	NA	NA	NA	53.0, 60.0 & 54.0	53.0, 60.0 & 54.0	53.0, 60.0 & 54.0	53.0, 60.0 & 54.0

= data not available, ECED = early childhood education and development, EFA = Education for All, GER = gross enrollment rate, NER = net enrollment rate.

^a Benchmark, status, and target are based on age group 3–5; when based on age group 3–4, status as of 2006 is 41.4%.

^b Benchmark, status, and target are calculated using proxy formula for survival rate. When the United Nations Educational, Scientific and Cultural organization reconstructed cohort model is used, survival rate in 2006 is 47.0%. The 2008 value is computed using reconstructed cohort method.

^c The 2006 value is computed from the Nepal Demographic and Health Survey, 2006.

Sources: Government of Nepal, Department of Education. 2006. *Annual Strategic Implementation Plan, 2007–2008*. Kathmandu; Government of Nepal, Department of Education. 2005. *Flash I Report 2063 (2006–2007)*. Kathmandu; Government of Nepal, Department of Education. 2008. *Draft Annual Strategic Implementation Plan, 2008–2009*. Kathmandu; Government of Nepal, Department of Education. 2006. *Flash II Report (2007–2008)*. Kathmandu; Government of Nepal, Ministry of Health and Population. 2006. *Nepal Demographic and Health Survey, 2006*. Kathmandu; ADB. 2006. *Report and Recommendation of the President to the Board of Directors: Proposed Program Cluster of Loans and Asian Development Fund Grants to Nepal for the Education Sector Program I*. Manila; Norwegian Agency for Development Cooperation. 2009. *Joint Evaluation of Nepal's Education for All, 2004–2009 Sector Programme*. Oslo.

DISBURSEMENTS UNDER THE EDUCATION SECTOR PROGRAM

(\$ million)

(\$ million)

Program	No.	Tranche	Date of Disbursement	Actual
ESP (I)	Loan 2277-NEP	First	6 Mar 2007	15.4
		Second	5 Jan 2009	15.9
		Subtotal		31.3
ESP (II)	Grant 0105-NEP	Only once	6 Aug 2008	8.0
		Subtotal		8.0
ESP (III)	Grant 0160-NEP	First	22 Dec 2009	45.0
		Second	26 Oct 2011	25.0
		Subtotal		70.0
	Loan 2551-NEP	Second	26 Oct 2011	25.3
		Subtotal		25.3
Total				134.6

ESP = Education Sector Program.
Source: Asian Development Bank.

STATUS OF COMPLIANCE WITH TRANCHE CONDITIONS AND COVENANTS: SUBPROGRAM I

First Tranche Conditions

Policy Actions	Status of Compliance
MOES to endorse the EFA core document and to implement the program in accordance with its policy objectives and performance targets.	Complied with. The government, including the MOE, approved the core document and this was acknowledged in the development policy letter issued by the finance minister on 16 October 2006.
MOES to prepare the EFA ASIP for FY2007 in accordance with the EFA policy objectives and performance targets, and have it endorsed by the JFA development partners, including ADB.	Complied with. The joint review mission of June 2006, which included the JFA development partners including ADB, endorsed ASIP for FY2007.
NPC and the MOF to approve the annual work plan and budget for FY2007.	Complied with. This is the regular practice of the government. Upon budget approval, the MOE makes necessary revision in the AWPB and forwards it to the NPC for its approval. The approved AWPB will be a basis for undertaking the approved activities by the DOE and release of funds by the DTCO upon receipt of program spending authorization by the spending units. The MOE/DOE will share the approved AWPB with the development partners.
MOES to achieve, in a manner acceptable to ADB, the performance targets set in the ASIP for FY2006.	Complied with. Progress on performance targets was reported in 2008 ASIP discussion and endorsed by all development partners, including ADB.

ADB = Asian Development Bank, ASIP = Annual Strategic Implementation Plan, AWPB = Annual Work Plan and Budget, DOE = Department of Education, DTCO = District Treasury Controller Office, EFA = Education for All, JFA = Joint Financing Agreement, MOE = Ministry of Education, MOF = Ministry of Finance, MOES = Ministry of Education and Sports, NPC = National Planning Commission.

Source: Asian Development Bank.

Second Tranche Conditions

Policy Actions	Status of Compliance
MOES to prepare the EFA ASIP FY2009 in accordance with EFA policy objectives and performance target, and have it endorsed by the JFA development partners, including ADB.	Complied with. ASIP for FY2009 was shared with the development partners during the joint annual review mission and endorsed by the JFA development partners.
MOES to achieve, in a manner acceptable to ADB, the performance targets set in the ASIP for FY2007.	Complied with. Progress on performance targets set in the ASIP for FY2007 was reported in the ASIP for FY2009 and endorsed by all the JFA development partners, including ADB.
MOES to prepare a time-bound action plan with resource allocation on the implementation of the recommendations of the EFA midterm review.	Complied with. In terms of implementing the EFA midterm review recommendation, an action plan was prepared and this was reflected in the 2009 ASIP and AWPB.

ADB = Asian Development Bank, ASIP = Annual Strategic Implementation Plan, AWPB = Annual Work Plan and Budget, EFA = Education for All, JFA = Joint Financing Agreement, MOES = Ministry of Education and Sports.

Source: Asian Development Bank.

Article IV Schedule 5 Program Implementation and Other Matters (Loan 2277)

Covenant	Status of Compliance
<u>Program Implementation, Management, Coordination and Monitoring</u>	
MOES shall be the program executing agency responsible for the overall and timely implementation of the program. Within the MOES,	Complied with. The MOE was the executing agency and the DOE was the implementing agency. The

Covenant	Status of Compliance
the DOE shall be the implementing agency. The MOES and DOE shall implement, manage, coordinate and monitor the program in accordance with the goals, responsibilities, funding mechanism, fiduciary requirements, and other program management arrangements as set out in the EFA Core Document and agreed in the EFA JFA.	program was coordinated in accordance with the EFA core document and JFA.
<u>Implementation of the Policy Letter</u> The Borrower shall: (a) ensure that the objectives achieved, policies adopted, and actions taken prior to the date of this Loan Agreement, as set forth in the Policy Letter, shall continue to be in full force and effect for the duration of the program period and subsequently; (b) carry out the policies and actions in accordance with the schedule of policy reforms contained in the policy matrix and ensure sustainability of the reforms beyond the program period; and (c) carry out all of its obligations as stipulated under this schedule and the Loan Agreement, in a timely manner.	Complied with. Policy actions stipulated in tranche release conditions are discussed above.
<u>Policy Dialogue</u> The Borrower shall keep ADB informed of, and the Borrower and ADB shall from time to time exchange views on, sector issues, policy reforms and additional reforms during the program period that may be considered necessary or desirable, including the progress made in carrying out the program. The Borrower shall engage in policy dialogue with ADB, in a timely manner, on problems and constraints encountered during program implementation and on desirable changes to overcome or mitigate such problems and constraints. The Borrower shall keep ADB informed of policy discussions with other multilateral or bilateral agencies that have implications for implementation of the program, and shall provide ADB with an opportunity to comment on any resulting policy proposals. The Borrower shall take ADB's views into consideration before finalizing and implementing any such proposals.	Complied with. The policy dialogue was conducted at the joint annual review and other opportunities. Complied with. The dialogues were conducted when problems were identified, such as weak and delayed financial reporting and management. Complied with. The program was conducted under the SWAp, and problems and issues were shared among development partners. ADB had opportunities to provide comments through joint annual reviews.
<u>Counterpart Funds</u> The Borrower shall ensure that the Counterpart Funds shall be used to support the costs associated with the implementation of the EFA.	Complied with. The Government of Nepal spent its own budget to implement the EFA.
<u>Vulnerable Communities Development Framework</u> The Borrower shall ensure that the implementation and management of the program shall be done in accordance with the Vulnerable Communities Development Framework agreed upon between MOES and ADB.	Complied with. No adverse effects were reported by the MOE with respect to vulnerable communities' development framework.
<u>Resettlement</u> No activities under the program shall entail land acquisitions or other resettlement activities under ADB's Resettlement Policy.	Complied with. The MOE reported to ADB that there were no land acquisitions or other resettlement activities.
<u>Sector Financing</u> The Borrower shall ensure that throughout the program period, the budget allocations for education shall at least remain at the level of FY2006–2007, while all efforts will be made to increase the budget	Complied with. The budget allocations for education increased over time in terms of absolute level.

Covenant	Status of Compliance
allocation.	The relative share of education budget was above 16% during the ESP implementation period until FY2012, but it showed decreasing trend in recent years.

ADB = Asian Development Bank, DOE = Department of Education, EFA = Education for All, ESP = Education Sector Program, JFA = Joint Financing Agreement, MOE = Ministry of Education, MOES = Ministry of Education and Sports, SWAp = sector-wide approach.

Source: Asian Development Bank.

Article IV Schedule 4 Project Implementation and Other Matters (Grant 0065)

Covenant	Status of Compliance
A. Executing Agency	
The MOES shall be the executing agency for the project, with the TS of the Education Policy Committee as focal point.	Complied with. The MOE was the executing agency, and the TS of the EPC served as a focal point.
B. Arrangements and Responsibilities for Project Management, Implementation and Coordination	
<p>Within 1 month of the Effective Date, the PSC chaired by the secretary of the MOES shall be established. The PSC will comprise the following members: Joint Secretary, Planning Division, MOES; Joint Secretary, School Administration Division, MOES; the heads of the Department of Education, of the Curriculum Development Center, the Non-formal Education Center, the Office of the Controller of Examinations, and of the National Center for Educational Development; and the Under Secretary of the Foreign Aid Coordination Section of MOES. The Under Secretary of the Policy Analysis and Program Section of MOES shall act as the member-secretary. Other members, including the donor contact point, can be invited as observers.</p> <p>The PSC shall meet whenever necessary, but not less than once every 4 months. It shall be responsible for (a) approving the Annual Work Plan and Budget; (b) conducting project reviews on a trimester basis; (c) preparing project performance reports; (d) providing guidance to the TS on project implementation; and (e) coordinating inputs, in particular consulting services, with other donors. The Joint Secretary, Planning Division, MOES will be the Project Director, in charge of the day-to-day management and implementation of the project. He/she will report to the PSC. He/she will be assisted by the TS and consultants.</p>	<p>Complied with. The PSC was established for the implementation of the project.</p> <p>Substantially complied with. The PSC has undertaken all these responsibilities. During the initial implementation period, the PSC met more than three times a year, but it was not strictly maintained in later years.</p>
C. Project Implementation	
<u>Counterpart Staff and Financing</u>	
The Recipient shall ensure that sufficient counterpart staff and financing, needed to implement the project, shall be provided. More specifically, the Recipient shall provide sufficient office space for the consultants.	Complied with. Counterpart staff and office space were provided.
<u>Finding and Recommendations of the Project</u>	
The Recipient shall ensure that in carrying out the policy measures and activities included in the Policy Matrix of the Loan Agreement, due consideration shall be given to the findings and recommendations provided under the project.	Complied with. Policy actions, in the policy matrix of subprogram I, were complied with.

Covenant	Status of Compliance
<p><u>Staffing Issues</u></p> <p>All necessary and appropriate measures, in accordance with the Recipient's rules and regulations, shall be taken to ensure that all staff that has received training under the project shall stay in their position throughout the duration of the project and work fulltime on policy formulation, coordination, and follow-up functions.</p> <p>Within one month of the Effective Date, the MOES shall have identified the staff to be assigned for the implementation of the project. All such staff shall be assigned within 3 months of the Effective Date and remain in place throughout the duration of the project, in accordance with the Recipient's rules and regulations. The full-time policy officer position and the documentation officer position shall be retained at the end of the project.</p> <p><u>Project Reviews</u></p> <p>The MOES and ADB shall jointly conduct project reviews every 4 months. The reviews shall include (a) evaluation of the progress in the preparation of the core document for 1-12 School Sector; (b) implementation arrangements; (c) progress in legislative, executive and financial actions; and (d) capacity development measures. Within 18 months of the Effective Date, the MOES and ADB shall jointly conduct a midterm review and a project completion review 12 months after project completion.</p>	<p>Substantially complied with. Key trained staff has remained in their positions during the implementation.</p> <p>Complied with. The MOE assigned full-time staff in a separate section under the Planning Division for the implementation.</p> <p>Complied with. The MOE and ADB conducted joint project reviews during mission at least twice a year with other development partners, and midterm review for the EFA was also conducted in May 2007.</p>

ADB = Asian Development Bank, EFA = Education for All, ESP = Education Sector Program, EPC = Education Policy Committee, MOE = Ministry of Education, MOES = Ministry of Education and Sports, PSC = Project Steering Committee, SWAp = sector-wide approach, TS = technical secretariat.
Source: Asian Development Bank.

STATUS OF COMPLIANCE WITH TRANCHE CONDITIONS AND COVENANTS: SUBPROGRAM II

Tranche Conditions

Policy Actions	Status of Compliance
The EPC to provide policy guidance to the MOES technical secretariat to prepare the 1–12 SSR core document.	Complied with. The EPC, an interministerial committee, was set up in June 2005 after cabinet approval. Under the EPC's direction, a concept note recommending a policy direction for the grade 1–12 school system was developed and it later provided policy guidance for the preparation of the 1–12 core documents.
The MOES to draft an SSR core document as the policy and planning guide for the gradual introduction of a grade 1–12 integrated school sector, and have such draft endorsed by the EPC. The core document will: <ul style="list-style-type: none"> (i) clarify government commitments with respect to the provision, promotion, and appraisal of educational services within the 1–12 school sector framework. (ii) suggest options for (a) major strategies such as management, financing, legal functions, and regulatory framework, relating to the standards of services and performance; and (b) operational procedure for ensuring the delivery of school education of acceptable quality standards in partnership with the community and civil society. 	Complied with. The core document guides the implementation of the School Sector Reform Program. It serves as policy guide for gradual introduction of the grade 1–12 integrated system through the government's long-term vision and commitments with respect to the provision, promotion, and appraisal of educational services within the framework of the grade 1–12 system. It also provides strategic options, options for operation procedures, and initial analysis of requirements for an integrated school system. The core document was approved in June 2008. After its approval, the government prepared the SSR plan translating broad policy directions into implementable strategic interventions.
The MOES to approve the SSR transitional plan, including: <ul style="list-style-type: none"> (i) indicative short-term, medium-term, and long-term outcomes and outputs; (ii) the initial implementation plan of grade 1–8 basic education restructuring in a few districts, including Rasuwa, Dadeldhura, and Kapilvastu districts; and (iii) a broad capacity development plan for system readiness to undertake SSR. 	Complied with. The MOE prepared and approved an initial transition plan which includes model building of extension of basic education from grades 1–5 to 1–8 in three selected districts.
The MOES to develop a financial control mechanism acceptable to ADB.	Complied with. The EFA JFA provisions are considered as a financial control mechanism and signed by all partners, including ADB.

ADB = Asian Development Bank, EFA = Education for All, EPC = Education Policy Committee, JFA = Joint Financing Agreement, MOE = Ministry of Education, MOES = Ministry of Education and Sports, SSR = School Sector Reform.
Source: Asian Development Bank.

Grant Agreement

Article IV Schedule Program Management, Implementation and Other Matters

Covenant	Status of Compliance
<u>Program Management, Implementation, Coordination and Monitoring</u>	
The MOES shall be the program executing agency responsible for the overall and timely implementation of the program. Within the MOES, the DOE shall be the implementing agency. The MOES and DOE shall implement, manage, coordinate, and monitor the program in accordance with the goals, responsibilities, funding mechanism, fiduciary requirements, and other program management and	Complied with. The MOE was the executing agency and the DOE was the implementing agency. The program was coordinated in accordance with the SSR core document and the EFA JFA.

Covenant	Status of Compliance
<p>implementation arrangements as set forth in the draft SSR core document and agreed in the EFA JFA.</p> <p>Within 1 month of the Effective Date, MOES shall have established a CCC, chaired by the Joint Secretary of the Planning Division of MOES and comprising representatives of MOF, National Planning Commission, MOES, DOE, and relevant line agencies. The CCC shall be responsible for (i) coordinating and monitoring all SSR capacity development activities; (ii) overseeing the technical support, provided by the MOES technical secretariat, for developing a 1-8 basic education model; and (iii) reporting to MOES and the Education Policy Committee on all SSR policy implementation activities.</p>	<p>Not substantially complied with. In the absence of legislative mandate, the CCC could not be functional. Under the pilot initiatives, these activities were undertaken.</p>
<p><u>Implementation of the Policy Letter</u></p> <p>The Recipient shall: (i) ensure that the objectives achieved, policies adopted, and actions taken prior to the date of this Grant Agreement, as set forth in the Policy Letter, shall continue to be in full force and effect for the duration of the program period and subsequently; (ii) carry out the policies and actions in accordance with the schedule of policy reforms contained in the Policy Matrix and ensure sustainability of the reforms beyond the program period; and (ii) carry out all of its obligations as stipulated under this schedule and the Grant Agreement, in a timely manner.</p>	<p>Complied with. The MOE and DOE carried out policy reforms in the policy letter.</p>
<p><u>Policy Dialogue</u></p> <p>The Recipient shall keep ADB informed of, and the Recipient and ADB shall from time to time exchange views on, sector issues, policy reforms, and additional reforms during the program period that may be considered necessary or desirable, including the progress made in carrying out the program.</p> <p>The Recipient shall engage in policy dialogue with ADB, in a timely manner, on problems and constraints encountered during program implementation and on desirable changes to overcome or mitigate such problems and constraints.</p> <p>The Recipient shall keep ADB informed of policy discussions with other multilateral or bilateral agencies that have implications for implementation of the program, and shall provide ADB with an opportunity to comment on any resulting policy proposals. The Recipient shall take ADB's views into consideration before finalizing and implementing any such proposals.</p>	<p>Complied with. The policy dialogue was conducted at joint annual review and other opportunities.</p> <p>Complied with. The dialogues were conducted when problems were identified, such as weak and delayed financial reporting and management.</p> <p>Complied with. The program was conducted under the SWAp, and problems and issues were shared among development partners. ADB had opportunities to provide comments through joint annual reviews.</p>
<p><u>Counterpart Funds</u></p> <p>The Recipient shall ensure that the Counterpart Funds shall be used to support the costs associated with the implementation of the SSR.</p>	<p>Complied with. The Government of Nepal spent its own budget to implement the SSR.</p>
<p><u>Vulnerable Communities Development Framework</u></p> <p>The Recipient shall ensure that the implementation and management of the program shall be done in accordance with the Vulnerable Communities Development Framework agreed upon between MOES and ADB for the first Education Sector Subprogram under the Program Cluster of which this program is the second subprogram.</p>	<p>Complied with. No adverse effects were reported by the MOE with respect to vulnerable communities' development framework.</p>
<p><u>Resettlement and Environment</u></p>	

Covenant	Status of Compliance
<p>The Recipient shall ensure that no activities under the program shall entail any land acquisitions or other resettlement activities subject to ADB's <i>Resettlement Policy</i> (1995, as amended from time to time).</p> <p>The Recipient shall ensure that all activities under the program shall be implemented in accordance with the Recipient's applicable environmental laws and regulations as well as with the ADB's <i>Environment Policy</i> (2002).</p>	<p>Complied with. MOE reported to ADB that there were no land acquisitions or other resettlement activities.</p> <p>Complied with. The MOE reported that all activities were implemented in accordance with environmental laws and regulations in the Government of Nepal and ADB.</p>
<p><u>Sector Financing</u></p> <p>The Recipient shall ensure that throughout the program period, the budget allocations for education shall remain, at least, at the level of FY2008, while all efforts shall be made to increase the budget allocation.</p>	<p>Complied with. The budget allocations for education increased over time in terms of absolute level. The relative share of education budget in government expenditure was stable during the ESP implementation period until FY2012, but it showed decreasing trend in recent years.</p>

ADB = Asian Development Bank, CCC = Central level Coordination Committee, DOE = Department of Education, EFA = Education for All, ESP = Education Sector Program, JFA = Joint Financing Agreement, MOE = Ministry of Education, MOF = Ministry of Finance, MOES = Ministry of Education and Sports, SWAp = sector-wide approach, SSR = school sector reform.

Source: Asian Development Bank.

STATUS OF COMPLIANCE WITH TRANCHE CONDITIONS AND COVENANTS: SUBPROGRAM III

First Tranche Conditions

Covenant	Status of Compliance
<p>General Conditions</p> <p>The cabinet shall have approved the SSR core document.</p> <p>The MOE shall have finalized the SSR Plan for FY2009–2013.</p>	<p>Complied with. The cabinet approved the SSR core document in June 2008.</p> <p>Complied with. The MOE finalized the SSR Plan for FY2009–2013 and shared with development partners in June 2009, which formed the basis for development partners' appraisal process.</p>
<p>Basic and Secondary Education</p> <p>The cabinet shall have approved the amendment to the Education Regulations to introduce basic education covering grades 1-8.</p> <p>The MOE shall have approved (i) school operational guidelines for grades 1-8; and (ii) guidelines for alternative schooling, modalities, and multi-grade schools.</p> <p>The MOE shall have approved a phased implementation plan for free and compulsory basic education. The plan shall include a list of the needed legislative changes and proposed timing for such changes.</p> <p>The MOE shall have issued a circular on the strict enforcement of the Beneficiary's policy of non-enrollment of under-aged children at grade 1, including the prohibition to provide textbooks and other facilities to such children.</p> <p>The MOE shall have approved a policy and implementation guidelines on the minimum enabling conditions for basic education.</p> <p>The MOE shall have approved a policy and implementing guidelines for continuous student assessment, which include no holdback of students of up to grade 3.</p> <p>The MOE shall have approved an action plan enabling private sector to be engaged in the printing of textbooks throughout Nepal.</p>	<p>Complied with. Education Rules were amended in 2009 through fourth amendment and defined basic grade comprising primary grade and lower secondary grade.</p> <p>Complied with. MOE shared the approved guidelines for grade 1–8 school operation and alternative schooling and multigrade schooling.</p> <p>Complied With. The MOE approved the phased implementation plan and also implemented free and compulsory basic education throughout the country. However, because of delay in enactment of the Education Amendment Bill, accountability and responsibility of concerned stakeholders in terms of compulsory basic education have not yet been fully institutionalized.</p> <p>Complied With. The MOE issued a circular and shared with ADB.</p> <p>Complied With. The MOE approved the policy and guidelines on the minimum enabling conditions for basic education. Under the ADB-supported SSP, it further broke down the minimum enabling conditions into priority minimum enabling conditions and also implemented it in a phased manner.</p> <p>Complied With. The MOE approved policy and implementing guidelines for continuous assessment and shared with ADB.</p> <p>Complied With. The MOE approved the action plan and the private sector is currently engaged in printing primary education textbooks.</p>
<p>Early Childhood Education Development</p> <p>The MOE shall have approved a policy and</p>	<p>Complied with. The MOE approved a policy and</p>

Covenant	Status of Compliance
implementation guidelines on the minimum enabling conditions for ECED.	implementation guidelines on the minimum enabling conditions for ECED. However, it is facing serious challenges in ensuring all the ECED centers meet the minimum standards.
Teacher Professional Development The MOE shall have conducted a needs assessment and costing on upgrading teachers qualification and on improving head teachers provisions, including qualification, selection, recruitment and supervision and support.	Complied With. MOE completed the needs assessment and costing exercise. Accordingly, an understanding was reached with Higher Secondary Education Board for accrediting a 10-month training program related to grade 12 examinations, and the MOE implemented it.
Capacity Development MOE shall have incorporated lessons learned from model building and recommendations from the EFA evaluation in SSR development as appropriate.	Complied With. The SSRP was developed by paying close attention to the EFA joint evaluation.

ADB = Asian Development Bank, ECED = early childhood education and development, EFA = Education for All, MOE = Ministry of Education, SSR = school sector reform, SSP = school sector program, SSRP = School Sector Reform Program.

Source: Asian Development Bank.

Second Tranche Conditions

Covenant	Status of Compliance
General Conditions The conditions for the release of the first tranche continue to remain satisfied.	
The MLD shall have revised directives to adopt School Improvement Plans as the basis for education funding through grants to local bodies.	Complied with. Based on MOE's request, MLD issued directives to local bodies.
Basic and Secondary Education The MOE shall have drafted and tabled a bill to amend the Education Act to introduce basic education covering grades 1–8.	Substantially complied with. The amendment bill was tabled in Parliament on 3 May 2012. However, the bill could not be enacted because of the untimely demise of Parliament on 27 May 2012. After consulting with concerned stakeholders, the MOE has revised the amendment bill and the Parliament recently approved the bill on June 2016.
The cabinet shall have approved a resolution to initiate the piloting of secondary education restructuring from grades 9–12 in selected districts.	Complied with. The cabinet approved the SSR core document which includes provisions for initiating the piloting of secondary education for grades 9–12.
The cabinet shall have amended the Teacher Service Commission Regulations and Education Regulations to reserve an appropriate number of vacant positions for licensed female teachers and licensed teachers from disadvantaged social groups.	Complied with. Fifth amendment in Teacher Service Commission Rules in 2010 made a provision in clause 11A for reservation of 45% of vacant teacher positions to female, disadvantaged communities, and backward regions.
The MOE shall have issued a circular on conducting final examinations for basic education in grade 8.	Complied With. The MOE issued the circular on 2 November 2009 to undertake a district grade 8 examination as terminal examination of basic education and this is being followed.
The MOE shall have commissioned a first learning achievement assessment at grades 3, 5 and 8	Complied with. The MOE completed the National Assessment of Student Achievement tests for grades

Covenant	Status of Compliance
<p>meeting international quality standards through a partnership approach.</p> <p>The MOE shall have implemented the recommendations made under the study on the constraints in implementing the local content curriculum.</p> <p>MOE shall have approved a competency-based curriculum, based on the National Curriculum Framework, which shall include provisions on continuous assessment, local content and language and multi grade teaching.</p>	<p>3, 5, and 8.</p> <p>Complied with. Under this initiative, the MOE developed language textbooks in seven mother tongues, learning materials in nine languages, and local content in the curriculum in some districts. The MOE also trained 175 master trainers, and provided technical support to prepare and implement local curriculum in five districts. The development and implementation of awareness packages was also conducted. The above initiative is still ongoing in FY2016.</p> <p>Complied with. The Curriculum Development Center revised the grade 1–5 curriculum in FY2010 and the grade 6–8 curriculum in FY2011 in accordance with the National Curriculum Framework. The new curricula are competency-based and have incorporated continuous assessment and use of local content and language. This activity is ongoing. In FY2016, competency-based curriculum and textbooks for grade 9 will be implemented throughout the country based on last year's pilot experience in the selected districts. Similarly, grade 10 competency-based curricula will be piloted in selected districts with a plan for full implementation in the following year.</p>
<p>Teacher Education and Vocational Training</p> <p>The MOE shall have approved a phased implementation plan to pilot alternatives for the role of general school education in areas of skills development.</p>	<p>Complied With. The MOE approved a phased implementation plan on 5 January 2011 for piloting. In this area, apart from introducing soft skills (e.g., leadership, team work, communication skills) in the curriculum of general education, MOE has established a separate TVET stream in 99 community schools with additional two subjects in conjunction with eight general subjects in grade 10. In addition, MOE has recently decided to implement the TVET stream in grades 11–12 and is currently in the process of developing a curriculum for these grades.</p>
<p>Teacher Professional Development</p> <p>The MOE shall have approved a time-bound action plan on upgrading the academic qualifications of teachers in basic education.</p> <p>The MOE shall have approved a time-bound action plan on upgrading teachers qualification and on improving head teachers provisions, including qualification, selection, recruitment, and supervision and support.</p> <p>The MOE shall have revised the teacher education</p>	<p>Complied with. As indicated in the plan, the targeted number of basic education teachers was able to upgrade their education qualification as stipulated in the SSRP.</p> <p>Complied with. As approved in time-bound action plan, teacher training programs in three modules were developed and delivered. However, its effectiveness is being seriously questioned by almost all concerned stakeholders. Likewise, the action plan on improving head teachers' provisions includes the minimum qualification and leadership training, which are yet to be effectively implemented.</p> <p>Complied with. The MOE approved the revised</p>

Covenant	Status of Compliance
<p>and development policy, in particular on the provisions regarding teachers' qualification upgrading, career development, and in-service professional support.</p> <p>The MOE shall have approved a policy on the transfer of teacher positions from overstaffed to understaffed schools, when a vacancy arises, with the SMC recruiting the teacher.</p>	<p>policy guidelines on 9 January 2011 and amended the Teacher Service Rules (through fifth amendment) to raise the minimum education qualification to intermediate level effective from April 2011 for new candidates (excluding working temporary teachers) appearing in teacher licensing examination of primary teachers.</p> <p>Complied with. The MOE approved the Teacher Redeployment Policy and action plan on 9 January 2011. In addition, the Education Act empowers district education committees to exercise such redeployment based on student–teacher ratios in primary schools and student–teacher ratio and subject load in lower secondary and secondary schools (up to grade 10). According to Education Rules, SMCs, in the case of community-managed community schools, are empowered to recruit permanent teachers, while in the case of community schools the SMCs are mandated to recruit temporary teachers only.</p>
<p>Capacity Development</p> <p>The MOE shall have finalized an assessment of the options on establishing an independent school performance review mechanism.</p> <p>The MOE shall have finalized its broad-based and school-focused capacity development plan.</p>	<p>Complied with. After finalizing the assessment, the MOE established the Education Review Office on 30 October 2009 to carry out performance auditing of the MOE including its entities at center and field level and schools.</p> <p>Complied with. MOE approved a capacity development plan in April 2011 for implementing from 2012 ASIP/AWPB onwards.</p>

ASIP = Annual Strategic Implementation Plan, AWPB = Annual Work Plan and Budget, MOE = Ministry of Education, MLD = Ministry of Local Development, SMC = school management committee, SSR = school sector reform, SSRP = School Sector Reform Program, TVET = technical and vocational education and training.

Source: Asian Development Bank.

Financing Agreement

Article VII Schedule 5 Program Implementation and Other Matters

Covenant	Status of Compliance
<p>Program Management, Implementation, Coordination and Monitoring</p> <p>The MOE shall be the program executing agency responsible for the overall and timely implementation of the program. Within the MOE, the DOE shall be the implementing agency. The MOE and DOE shall implement, manage, coordinate, and monitor the program in accordance with the goals, responsibilities, funding mechanism, fiduciary requirements, and other program management and implementation arrangements as set forth in the SSR core document, SSR plan, and agreed in the SSR JFA.</p>	<p>Complied with. The MOE was executing agency and the DOE was the implementing agency. The program was coordinated in accordance with the SSR core document and JFA.</p>
<p>Implementation of the Policy Letter</p> <p>(i) The Beneficiary shall ensure the satisfactory implementation of the program and shall fully comply with the actions set out in the policy matrix that need to be complied prior to the second tranche to enable the release of the second tranche. The</p>	<p>Complied with. Second tranche release condition for amending Education Act was waived, but most other tranche release conditions</p>

Covenant	Status of Compliance
<p>Beneficiary shall submit documents, in a form satisfactory to ADB, as evidence to demonstrate compliance with each of the actions set out in the policy matrix.</p> <p>(ii) The Beneficiary shall: (a) carry out the policies and actions in accordance with the schedule of policy reforms contained in the Policy Matrix and ensure sustainability of the reforms beyond the program period; (b) carry out all of its obligations as stipulated under the Financing Agreement in a timely manner; and (c) ensure that the agreed actions are taken with respect to each policy achievement.</p>	<p>were supported by evidence.</p> <p>Complied with. Disbursement was made with little delay.</p>
<p>Policy Dialogue</p> <p>The Beneficiary shall keep ADB informed of, and the Beneficiary and ADB shall from time to time exchange views on, sector issues, policy reforms, and additional reforms during the program period that may be considered necessary or desirable, including the progress made in carrying out the program.</p> <p>The Beneficiary shall engage in policy dialogue with ADB, in a timely manner, on problems and constraints encountered during program implementation and on desirable changes to overcome or mitigate such problems and constraints.</p> <p>The Beneficiary shall keep ADB informed of policy discussions with other multilateral or bilateral agencies that have implications for implementation of the program, and shall provide ADB with an opportunity to comment on any resulting policy proposals. The Beneficiary shall take ADB's views into consideration before finalizing and implementing any such proposals.</p>	<p>Complied with. The policy dialogue was conducted at joint annual review and other opportunities.</p> <p>Complied with. The dialogues were conducted when problems were identified, such as weak and delayed financial reporting and management.</p> <p>Complied with. The program was conducted under a SWAp, and problems and issues were shared among development partners. ADB had opportunities to provide comments through joint annual reviews.</p>
<p>Counterpart Funds</p> <p>The Beneficiary shall ensure that the Counterpart Funds shall be used to support the education sector reform and to supplement the cost associated with the implementation of the SSR.</p>	<p>Complied with. The Government of Nepal spent its own budget to implement the SSR.</p>
<p>Program Staff</p> <p>The Beneficiary shall endeavor that (i) critical program staff shall remain in their position on a full-time basis for a reasonable duration to ensure continuity in the implementation of the program; and (ii) all implementing agencies shall be adequately staffed and provided with the necessary financial, technical, and other resources to perform their functions under the program.</p>	<p>Partly complied with. The MOE and DOE made best efforts to retain key critical program staff at central level. However, district education offices were not adequately staffed and staff did not have sufficient capacity to perform their functions.</p>
<p>Vulnerable Community Development Framework and Gender and Vulnerable Communities Action Plan</p> <p>The Beneficiary shall implement, manage, coordinate, and monitor the program in accordance with the Vulnerable Community Development Framework and the GVCAP, to enable the program-affected vulnerable groups, particularly girls, indigenous peoples and ethnic minorities, to benefit equally from the program.</p>	<p>Partly complied with. While the items included in the GVCAP are monitored at joint annual reviews, and there are achievements, such as improved gender parity index, there was little progress in multilingual education and institutional development at the local level.</p>
<p>Resettlement and Environment</p>	

Covenant	Status of Compliance
<p>The Beneficiary shall ensure that all possible efforts shall be made to avoid land acquisition. In the event land acquisition becomes necessary for the implementation of the program, the Beneficiary shall ensure that such land is acquired only on a voluntary basis in accordance with the procedures outlined in the approved Framework for Land Acquisition through Voluntary Donations or Willing Buyer - Willing Seller Processes, as agreed between the Beneficiary and ADB.</p> <p>The Beneficiary shall ensure that all activities under the program shall be in full compliance with the Beneficiary's current environmental laws and regulations and ADB's <i>Environment Policy</i> (2002). If any unexpected significant environmental impact of the program is identified during the program period, the MOE and DOE shall prepare satisfactory environment review documents, including the initial environmental examination/environmental impact assessment and environmental management plan and obtain ADB's endorsement on the documents. The Beneficiary shall consult ADB for the public disclosure of the documents.</p>	<p>Complied with. The MOE reported to ADB that there were no land acquisitions or other resettlement activities.</p> <p>Complied with. The MOE reported that all activities were implemented in accordance with environmental laws and regulations in the Government of Nepal and ADB.</p>
<p>Governance and Accountability Action Plan</p> <p>The Beneficiary shall carry out the actions agreed between the Beneficiary and the pooling development partners, as set out in the GAAP and attached to the SSR JFA, to address governance and accountability issues relating to the management, financial management, procurement management, and social accountability tools of the SSR.</p>	<p>Not substantially complied with. The issues and objectives included in the GAAP framework were not substantially met because of the delays in textbook distribution, less-than-optimal teacher deployment, weak financial management capacity, politicized role of SMCs, and limited institutional capacity development.</p>
<p>Sector Financing</p> <p>The Beneficiary shall ensure that throughout the program period, the budget allocations for education shall remain, at least, at the level of FY2008, while all efforts shall be made to increase the budget allocation.</p>	<p>Complied with. The budget allocations for education increased over time in terms of absolute level. The relative share of education budget in government expenditure was stable during the ESP implementation period until FY2012, but showed decreasing trend in recent years.</p>
<p>Program Report and Review</p> <p>Consistent with the SSR JFA, the Beneficiary shall cause the MOE and DOE to provide ADB with all relevant data and information in such detail as ADB may reasonably request to facilitate review by ADB and the pooling development partners of the progress in the implementation of the program. In particular, the Beneficiary shall provide the following key reports (i) financial statements on a trimester and annual basis; (ii) annual performance report; (iii) interim financial monitoring report for the first fiscal trimester; (iv) consolidated report of the previous FY showing program outcomes; (v) flash reports on outcomes and processes twice during each academic year; (vi) annual audit report of the SSR Plan as certified by the OAG/N; and (vii) the ASIP and AWPB.</p> <p>During the joint annual review, which shall be held annually in April, assessment on the implementation progress with respect to outcomes and expenditures shall be conducted and the MOE shall present the</p>	<p>Partly complied with. There were delays in financial reporting.</p> <p>Partly complied with. While joint annual reviews and joint consultation meetings were held, there were</p>

Covenant	Status of Compliance
ASIP for the following year. A joint consultative meeting shall be held in December of each year, during which the signatories to the SSR JFA shall review the preliminary consolidated financial statements for the previous FY as well as financial and output reports for the first trimester of the current year. The Beneficiary and the development partners have also agreed to hold quarterly meetings to address key issues that may arise during the SSR implementation.	delays in financial reporting.
<p>Program Performance Monitoring and Evaluation</p> <p>The monitoring of the SSR shall largely rely on information collected through the EMIS and supplemented by available data from nationally representative household surveys. The MOE and/or DOE shall partner with other agencies and firms to carry out quantitative and qualitative studies on specific topics. In addition to regular reports, the SSR proposes to carry out sample-based nationally representative student tests, administered by an independent agency, at grades 3, 5, and 8; in partnership with an international testing agency/firm and the national curriculum development center. The learning assessments shall be carried out early during the program implementation, in 2010, and at the end of the program implementation period, in 2013. The SSR shall also further develop the system of decentralized monitoring, including social audit, and the provisioning of external evaluation of outcomes and impact of the SSR. The impact of the program shall be evaluated at mid-term and during the last year of the SSRP.</p>	<p>Partly complied with. The EMIS was used for regular monitoring and evaluation, and “flash reports” summarized key progress. For the learning assessment, NASA was conducted for grades 3, 5, and 8. A number of qualitative and quantitative studies (e.g., 2014 PETS, joint evaluation reports for EFA and SSRP) were conducted and evaluated at midterm and during the last year of the SSRP. However, decentralized monitoring remained weak.</p>
<p>Local Content Curriculum</p> <p>Within 1 month of the Effective Date, the MOE shall have recruited consultant and commissioned a study to analyze constraints in implementing the local content curriculum. The study shall make recommendations measures to effectively implement the curriculum.</p>	<p>Complied with. Study for local content curriculum was carried out.</p>

ADB = Asian Development Bank, ASIP = Annual Strategic Implementation Plan, AWPB = Annual Work Plan and Budget, DOE = Department of Education, EFA = Education for All, EMIS = Education Management Information System, ESP = Education Sector Program, GVCAP = Gender and Vulnerable Communities Action Plan, JFA = Joint Financing Agreement, MOE = Ministry of Education, NASA = National Assessment of Student Achievement, OAG = Office of Auditor General, PETS = Public Expenditure Tracking System, SMC = School Management Committee, SSR = school sector reform, SSRP = School Sector Reform Program, SWAp = sector-wide approach.

Source: Asian Development Bank.

SUMMARY OF EX-POST ECONOMIC ANALYSIS

1. This appendix provides an economic rationale to understand the differences between the original and updated estimate of the economic internal rate of return (EIRR). Under subprogram III, the EIRR was estimated to 39.2%—a robust figure that almost certainly equals or exceeds the rate of return on most alternative investments that the government could be considering at that time. However, the recalculated ex-post EIRR turned out to be 15%, which is significantly lower than the original estimate. Similarly, in retrospect, the net present value was NRs11.50 billion as opposed to the NRs80.23 billion estimated at the design stage.

2. The economic analysis of the initial 5 years of the School Sector Reform Program (SSRP) compares the benefits and costs of the program to the without-program scenario in which the Government of Nepal's program for the school system is an extrapolation of the spending and activities of the recent period during which the Education for All program was being implemented. The school sector reform (SSR) investment is considered as additional to sector spending (both development and recurrent spending) caused by implementation of the SSRP. The benefits are taken to be those changes in the quantity and quality of education produced over the period of the program as a result of the SSR, as well as any savings attributable to reductions in “wastage” (repetition and dropout) of students in the system. Underlying all of the analysis are projections of (i) Nepal's 5-year-old age cohorts, (ii) gross intake ratios of children into grade 1, and (iii) repetition and drop-out rates in all grades 1–12.

3. Three distinct benefits as a result of the SSR were identified and, to the extent possible, quantified: (i) increased education quantity (increased access to education, resulting in more workers in the future with higher earnings as a result); (ii) enhanced education quality and relevance (more learning, resulting in higher productivity and earnings on the part of everyone who has completed basic education); and (iii) enhanced education's internal efficiency (less wastage, i.e., fewer school drop-outs and repeaters, and lower unit costs as a result). The approach to compute the EIRR was described in Appendix 6 of the Education Sector Program (III) report and recommendation of the President.

4. The significantly lower EIRR is mainly attributable to two major factors: (i) cost increase, and (ii) slow improvements in internal efficiency. Firstly, overall the SSRP cost rose more than 16% from the original estimate (Table 1). Secondly, internal efficiency in terms of repetition and drop-out rate did not improve as anticipated (Table 2). The original assumption was, on average, 25.1% improvement in the repetition rate and 17.0% improvement in the drop-out rate through the program as opposed to the without-program scenario of 5.0% repetition and 10.0% drop-out rate (Table 1). In actuality, the rate of improvement in the repetition rate was 7.7% on average, which was just slightly better than the without-program scenario. The improvement on drop-out rate was 8.2% on average, which was even smaller than the without-program trajectory of 10.0% annual improvements. Similarly, the gross intake rate at grade 1 did not improve much as opposed to the without-program case.

Table 1: School Sector Reform Program Cost for the First 5 Years

	2009–2010	2010–2011	2011–2012	2012–2013	2013–2014	Total
Estimated Cost at Design	34,449	37,798	41,790	46,053	49,992	210,082
Actual Expenditures (B)	33,033	45,577	50,842	51,366	63,064	243,882
(B)/(A)*100	95.9	120.6	121.7	111.5	126.1	116.1

Source: Financial monitoring reports and School Sector Reform Plan Annex Table 9-1.

Table 2: Annual Rate of Improvement on Repetition and Drop-out Rate (%)

Grade	With Program		Without Program		Actual	
	Repetition	Dropout	Repetition	Dropout	Repetition	Dropout
Grade 1	36	15	5	10	8.5	8.5
Grade 2	25	12	5	10	6.6	10.0
Grade 3	23	15	5	10	5.5	11.0
Grade 4	25	13	5	10	5.4	3.6
Grade 5	25	17	5	10	4.5	14.2
Grade 6	23	17	5	10	9.2	4.2
Grade 7	25	26	5	10	8.0	10.7
Grade 8	19	21	5	10	14.2	3.5

Source: Original Economic Internal Rate of Return calculation spreadsheet and Education Management Information System.

5. Another crucial assumption was the education quality premium. The Nepal Living Standards Survey (NLSS) included no direct measure of the quality of schooling received in the past by adult wage earners, nor did it specify whether an individual attended a public or private school. In the design stage of the Education Sector Program (III), it was therefore assumed that an individual's place of birth, which in most cases indicates where an individual went to school, could be used as a rough proxy for education quality, on the assumption that those living in urban areas are, on average, more likely to attend a good quality school than those living in rural areas. While far from perfect as a measure of school quality, the location variable was considered to be the best indicator available. Studies of unit costs in a large number of developing countries have shown conclusively that average spending per student is strongly correlated with the urban–rural divide.

6. To be conservative, education quality premium was kept as 5%, which is the same level as at the design stage. At the time of appraisal, regression analysis indicated that, if years of schooling and experience are held constant, a person who comes from an urban area earns about 10% more than a person from a rural area. Apparently, someone who was born in an urban area is more likely to live and work in an urban area today, and some of the difference in earnings must be attributed to differences in the demand for skills in urban and rural areas. Although this is an arbitrary decision, the estimate assumes that half of the difference could be attributed to differences in the quality of education received. From this assumption, 5% of the average annual earnings of those with basic education (as observed in the NLSS, 2003–2004 and allowed to grow at the rate of inflation) was taken to be a measure of the education quality premium and was used to assess the impact of overall improvements in system quality as a result of the SSR. Another regression was conducted ex-post by using the NLSS, 2010–2011, and it turned out that urban area is correlated with 40.1% more earnings than rural area. If the same arbitrary convention is applied, the education quality premium could become 20.0%, which could achieve the 46.0% EIRR (beyond the original estimate).

7. However, other evidence found hardly any improvement on education quality. For instance, the national achievement test and proportion of children with a school leaving certificate did not improve over time. The urban and rural divides are also associated with many other factors, such as availability of work place. As acknowledged in the design stage, the measurement of education quality through this approach is far from sufficient, and to be conservative, ex-post EIRR recalculation used 5% (same as the original EIRR calculation) as the education quality premium.

8. Other assumptions are also adjusted using the latest credible dataset to conduct this ex-post economic analysis. The assumptions include wage level for people with equal or less than basic education background and more than basic education background, per capita household basic education cost, opportunity cost (annual wage for children aged 5–16), and projected 5-year old population. The latest figure was obtained from World Development Indicators; the NLSS, 2010–2011; and the 2011 population census.

9. To be conservative, the inflation rate is also kept at 5%. During the program implementation, inflation is nearly 10%, but it might not be realistic to assume it will continue at this rate until 2033.

10. The ex-post EIRR calculation uses the same enrollment rate as in 2007. The figure used in 2007 might be overstated because of the per capita funding, which could provide incentive to receive more funding at school levels. However, enrollment rate is considered to be more reliable at the initial stage of the Education for All. The figure in 2007 might be inflated to some extent, but other conservative assumptions discussed above are likely to offset the effect coming from this inflated enrollment figure.

ACHIEVEMENTS OF GENDER AND VULNERABLE COMMUNITIES ACTION PLAN

1. The program has exceeded ambitious target in the gender parity index with the value very close to 1. The scholarships targeted for girls and disadvantaged Dalit children are likely to contribute to this commendable achievement. School infrastructure, such as separate toilets for boys and girls, and female teacher deployment were also factors that supported favorable gender results.
2. However, distributional effects on disadvantaged groups and children from the poorest background indicate some scope for improvement. Although scholarships and support for religious schools help disadvantaged children, multilingual education has not yet been introduced substantially, and children from better-educated parents, mostly in urban areas, benefit from early childhood education and development. Monitoring using the education management information system has been strengthened over time at the central government level, but local capacity development for monitoring in district education offices, with disaggregated data and analysis, can even accelerate the development of an inclusive education system. Continuing with scholarships is important, but financial analysis is also required to enhance sustainability.
3. It is necessary to continue scholarships for girls and disadvantaged children, but financial sustainability analysis should be conducted to accommodate limited fiscal resources. Given the complex sociolinguistic society and post-conflict status in Nepal, improving the quality of education is not at all easy, but funding and support need to focus more on development of local content including multilingual education and effective local monitoring through district education offices with disaggregated data by paying attention to gender and disadvantaged children.
4. Specific achievements on the gender and vulnerable communities' action plan are given in the following table.

Achievements of Gender and Vulnerable Communities Action Plan

Priority Interventions		Targets and Key Results	Achievements
Basic Education and Secondary Education			
1.	Provision of scholarships (NRs350 for basic education to NRs1,700 for secondary education)	Scholarships for all students of Dalit community, all students of Karnali Zone, and 50% of girls in the country (for basic education) and girls from economically poor families (for secondary education), 17,500 disabled students, 175 children of martyrs' families	Substantially achieved the target for scholarship. 100% of children from Dalit community and 50% of girls were entitled to receive the scholarship. In 2013, the scholarship program was expanded and 100% of girls are eligible to receive scholarship program. Yet, the PETS, 2014 estimated that nearly 80% of Dalit children and girls receive scholarship after correcting the "ghost" beneficiaries.
	Provision of incentives (school feeding program)	School feeding program in Karnali Zone	Substantially achieved the target for school feeding program. According to the SSRP joint evaluation, the feeding program was supported by the MOE and WFP. The program was continued by the

Priority Interventions	Targets and Key Results	Achievements
	GPI for primary increased from 0.97 (2008) to 0.99 (2014), and for basic from 0.95 (2008) to 0.98 (2014)	government. Exceeded the target for GPI. In the EMIS, the GPI is estimated to be 0.99 for primary and 1.00 for basic education in 2014–2015. The MICS, 2014 also showed consistent figures (0.99 for primary and 1.02 for secondary).
2. Provision of multilingual education, mother tongue education, and curriculum development in local subjects and mother tongue languages	Multilingual education implemented in 7,500 schools; 95 learning facilitation materials produced in different languages Share of out-of-school children aged 5–12 (overall, Dalit, disadvantaged groups, poor, lagging districts) reduced from 25% (2008) to 10% (2014)	Achievement of multilingual education is slow. The Flash Report, 2013–2014 showed that there are 69 local languages used as the medium of instruction in the classroom teaching and learning activities at primary school. However, the SSRP joint evaluation discussed that the initial target of 7,500 turned out to be unrealistic and approximately 300 schools implemented a certain level of multilingual education for children between grades 2 and 5. Substantially achieved to reduce out-of-school children aged 5–12. The SSRP joint evaluation discussed that the figure was 11% in FY2013 against the target of 10% in 2014.
3. Improvement of equitable access through construction activities	Construction of 19,500 classrooms, rehabilitation of 13,000 schools, construction of 300 libraries and laboratories, construction and transformation of 100 schools for children with special needs and upgrading of the external environment (including separate toilets for girls and boys) of 7,000 schools	Some progress has been made for equitable access through construction activities. According to the National Planning Commission Annual Development Program for 2014–2015 (part 1), 6,246 classrooms, 1,211 new schools, and 2,000 girls' toilets were constructed, and rehabilitation and external environment of 3,000 schools completed as of FY2013. The PETS, 2014 suggested that approximately 90.0% of schools have toilets within their premises, and overall 54.1% of schools have separate toilets for boys and girls. Also the reports found that 18.0% of schools had a library collection (75.5% have adequate space for students to write and read) and only 4.3% of schools have a laboratory facility.
4. Recognition and support of caste and cultural education	Development of norms and guidelines that define the various types of formal and nonformal basic education services	Some progress had been made in enabling religious schools (Madrasa, Gumba/Vihar, and Gurukuls/Ashrams) to register

Priority Interventions		Targets and Key Results	Achievements
	sources like Gumbas, Vihar, Madarsas, and Gurukul		with the DEO. The SSRP joint evaluation discussed the progress made, but at the same time, pointed out a key challenge to provide enough incentive (funding and support) for registration.
Early Childhood Education and Development			
5.	Locations of disadvantaged populations including ethnic minorities, women, Madhesis, endangered groups, and Dalits will be given priority in ECED	<p>Funds will be provided for the establishment, operation, and sustenance of ECED centers in marginalized areas and poverty pockets. A total of \$57 million has been allocated.</p> <p>Development of partnership arrangements with NGOs, cooperatives, national and local institutes, and civil society organizations for the financing of ECED</p>	ECED has been expanded, but priority was not given to disadvantaged populations. While ECED enrollments are expanded, the SSRP joint evaluation found that they are mostly for children with better-educated parents and in urban areas. The ECED classroom practices were based on lecture methods rather than child-centered play-based learning.
Literacy and Lifelong Learning			
6.	<p>(i) NFE/literacy programs through alternative/ flexible education program;</p> <p>(ii) mother tongue literacy course in local language (15–60 year age group) in poverty</p>	1,050 CLCs established; about 700,000 youths and adults attain life skills through literacy and continuing education. Mother tongue courses introduced and studied with CLC's support in remote/difficult and poverty pockets. Currently, only 72% of Nepal's population of 19 million people above 6 years of age is literate. The average 15+ literacy level is 63%. The GPI for the 15+ age group is only 0.84. SSR seeks to increase these figures to 83% (6+ literacy), 67% (15+ literacy), and 0.95 (GPI) by 2012.	Literacy and lifelong learning were promoted through the SSRP, but poorest people are hard to reach. The SSRP joint evaluation suggested that 1,000 CLCs were developed, and national literacy campaign was organized for nonliterate youths and adults. However, according to the NLSS, 2003–2004 and 2010–2011, adult literacy (15 years and above) increased from 48.0% to 56.5%, which did not meet the target of 67.0%.
Teacher Professional Development			
7.	<p>Affirmative action to increase the number of teachers from disadvantaged groups</p> <p>Special provisions for females for entry into teaching profession</p>	<p>750 master trainers trained for refresher training; 7,000 teacher candidates from disadvantaged groups complete preparatory courses. Affirmative action taken to increase teachers from socially disadvantaged groups, including females.</p> <p>Percentage of female teachers in primary education increased from 35% (2008) to 50% (2014)</p> <p>Percentage of female teachers in secondary education increased from 13% (2008) to 25% (2014) (with 10% female head teachers)</p>	While female teachers in primary did not meet the target, there was substantial progress for female teacher deployment. The PETS, 2014 identified that two-thirds of community school teachers are still male. The share of female teachers in primary was 48.1%, in lower secondary 35.3%, and in secondary/higher secondary 25.9%.
Capacity Development, Monitoring, and Evaluation			
8	Institutional	Capacity of the institutions at all levels	Institutional capacity has been

Priority Interventions	Targets and Key Results	Achievements
arrangements to ensure inclusion of vulnerable groups	enhanced (currently, an education inclusion section and a gender and equity section are operational at DOE). Proposed specific activities include updating implementation manuals and guidelines in accordance with provisions made for vulnerable groups in the SSR; increasing capacity of SMCs, DEOs, and resource centers for inclusion of vulnerable groups; enhancing coordination between the Inclusive Education Section, the Gender and Equity Section, and NFE Department in DOE and DEO; and enhancing coordination between the center and the district.	weak, particularly at local level. Despite some good progress on developing manuals and guidelines at the central level, they are not implemented well at the local level. World Bank IEG Report, 2015 pointed out the crucial weaknesses in capacity under the decentralized education system.
9. Monitoring and evaluation	Monitoring and evaluation system designed to track key results is consistent with broad goals, objectives, and targets of the SSR plan. Progress will be monitored through the collection and analysis of gender-disaggregated data as appropriate.	EMIS served as an important instrument for monitoring and evaluation, but issues remained in data quality. As a result of the vacuum of data validation at the local level, a World Bank-funded study found that some of the key indicators, such as enrollments, were inflated. These issues were identified through triangulation with national surveys (e.g., DHS, LSS, MICS), but course corrections were not sufficient. Other monitoring mechanisms, such as social audit, were in place, but they also suffered from weak local capacity. Not all key indicators were gender-disaggregated.

CLC = community learning center, DEO = district education office, DOE = Department of Education, DHS = Demographic and Health Survey, ECED = early childhood education and development, EMIS = education management information system, IEG = independent evaluation group, GPI = gender parity index, LSS = Living Standards Survey, MOE = Ministry of Education, MICS = Multiple Indicator Cluster Survey, NFE = nonformal education, NGO = nongovernment organization, PETS = Public Expenditure Tracking Survey, SMC = school management committee, SSR = school sector reform, SSRP = School Sector Reform Program, WFP = World Food Programme.

Source: Asian Development Bank.