

Evaluation Approach

Program Performance Evaluation Report for Grants 0272 and 0289-NEP: School Sector Program

July 2018

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A. Introduction

1. The proposed program performance evaluation report (PPER) will evaluate Nepal's School Sector Program (SSP).¹ The SSP was supported by the Asian Development Bank (ADB) policy-based grants consisting of a program grant approved on 22 November 2011 (Grant 0272) and an additional co-financing program grant from the Government of Australia approved on 28 March 2012 (Grant 0289). The ADB grant and co-financed program grant were financially closed on 15 January 2015 and 19 Feb 2015, respectively. The program completion report (PCR) was circulated on 29 June 2017, which rated it successful.²

2. The PCR recommended that a PPER should be undertaken in 2018, prior to the midterm review of the School Sector Development Plan (SSDP), FY2017–2023 by the Ministry of Education of the Government of Nepal. The PPER will contribute to the learning and accountability, and improvement of program design and effectiveness in country and sector operations within ADB. Findings and lessons drawn from the evaluation will feed into IED's Corporate Evaluation Study on Asian Development Fund 12 (ADF 12) programmed for delivery in 2019.

B. Country and Strategic Background

3. Nepal has undergone major changes, mainly emanating from deep political changes over the past two decades. This significantly affected social transformation which was evident in the education sector, with rapid progress in participation and gender parity in school education. Improving equitable access to quality education is accorded the highest priority in Nepal's development agenda. However, the rapid expansion in access also highlights the need for commensurate improvements in quality, efficiency, and institutional capacity to manage an expanded and inclusive school system. The school sector faced challenges in providing quality basic education to disadvantaged children in hard-to-reach areas; ensuring high quality of education; creating an enabling and safe school environment; implementing an effective teacher management and professional development system; and strengthening procurement, financial management, and monitoring and evaluation (M&E) capacity.

4. ADB approved the SSP which supported the Government of Nepal's 7-year (FY2010–2016) School Sector Reform Program (SSRP). The Government of Nepal developed the SSRP to improve the access to and the quality and relevance of the school education. It aimed to restructure the primary and secondary school system into an integrated grade 1–12 system,

¹ ADB. 2011. *Report and Recommendation of the President to the Board of Directors (including Corrigendum): Proposed Policy-Based Grant and Technical Assistance Grant to the Government of Nepal for the School Sector Program*. Manila.

² ADB. 2017. *Completion Report. School Sector Program*. Manila.

with basic education in grades 1–8 and secondary education from 9–12. The SSRP was implemented jointly by ADB and eight other development partners through a sector-wide approach (SWAp). Given the SWAp, the resources from development partners and the government were committed and allocated to competing needs in the education sector, under the Joint Financing Arrangement (JFA). This arrangement had provisions which stipulated details on the responsibilities of the government and the development partners, the funding mechanism, procurement, reporting, monitoring, auditing, and other administrative requirements.³ The SSP supported the SSRP in line with the JFA provisions and the strategic directions of ADB, which focused on sustainable infrastructure, climate change mitigation and adaptation, human development, regional cooperation and integration, public–private partnerships, and good governance.

5. Nepal is classified as a Group A developing member country (DMC) by ADB and has access to concessional assistance only and eligible for Asian Development Fund (ADF) grants. The ADF is a donor fund that offers grants that promote poverty reduction and improvements in the quality of life in the poorer countries of the Asia and Pacific region.

C. Program Description

6. **Impact, outcomes, and outputs.** The SSP was designed as a follow-on to the Education Support Program Subprogram III (ESP III).⁴ The ESP III supported the Government of Nepal's SSRP for the first 3 years of the program's implementation (2010–2012). Meanwhile, the SSP took over the support to the SSRP from 2012 to 2014. ADB continued its involvement with the reform program, even after SSP's closure in 2015.

7. The SSP was designed to build on the achievement and lessons of the ESP and sharpen the focus on implementation of key policy reforms. The program had four features, in support of the SSRP: (i) stronger focus on gender, social inclusion and quality; (ii) strengthened institutional capacity and fiduciary risk; (iii) greater focus on monitoring and evaluation; and (iv) innovative support for school safety. These were in support of the proposed impact, outcome and outputs of the project.

- (i) **Impact.** The program aimed for enhanced educational attainment and livelihood, particularly for girls and children from disadvantaged groups. This was measured through mean years of schooling from 8.1 (2011) to 8.7 (2017).⁵
- (ii) **Outcome.** The program outcome was increased access to and improved quality of education (grades 1–8), especially for girls, and children from disadvantaged groups. This was measured through the net enrollment rate (NER) and gender parity index (GPI) for primary (grades 1–5)⁶ and basic education, percentage of children attaining grade level competency, and the GPI in literacy rate of 15+ age group.
- (iii) **Outputs.** The intended outputs and indicators remained the same during appraisal and upon completion. These were: (a) more equitable access to quality of education; (b) enhanced student learning; (c) safer schools; (d) enhanced teacher management

³ The JFA consisted of 8 other development partners: Australia, Denmark, European Union, Finland, Norway, United Kingdom, United Nations Children's Fund, and the World Bank.

⁴ ADB. 2009. *Report and Recommendation of the President to the Board of Directors: Proposed Asian Development Fund Grant and Loan for Subprogram III to the Government of Nepal for the Education Sector Program*. Manila.

⁵ This target was set out after the Board approval of the program, based on the publication of the Population Census 2011 report.

⁶ *Net enrollment rate* is 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 of official age group for that stage. *Gender parity index* is the level of access to education of girls, compared to that of boys; this is calculated by dividing the female gross enrollment ratio by the male gross enrollment ratio.

and development; and (e) better management of governance risks in the education sector.

8. **Program cost and implementation arrangements.** The estimated program cost was at \$2,168.5 million with financing of \$2,100 million from the Government of Nepal, and \$68.4 million from ADB and the Government of Australia, as co-financier. The ADB support of a program grant of \$65.0 million (Grant 0272) using policy-based lending was divided into 3 tranches: (i) first tranche of \$10 million, disbursed on May 2012, at grant effectiveness; (ii) second tranche of \$35 million, following completion of 11 policy actions, disbursed on October 2013; and (iii) third tranche of \$ 20 million, disbursed on November 2014 after fulfilling 7 policy actions. The SSP had 23 policy actions for tranche release conditions, and all were complied with. There was minimal delay in the disbursement of funds in three tranches, from the original schedule. The funding from Netherlands of \$3.4 million (Grant 0289) was disbursed as scheduled.

9. The executing agency for the SSP was the Ministry of Education (MOE), with the Department of Education (DOE) as the implementing agency. It adopted the same implementation arrangements as the SSRP, with the use of the program lending approach as modality.

10. **Related Technical Assistance.** The SSP had an attached technical assistance (TA) to support the program's actions in the following areas: (i) data analysis; (ii) student learning; (iii) teacher development; (iv) institutional capacity enhancement, and (v) program management. The original amount at approval was at \$500,000 under the Technical Assistance Special Fund (TASF IV) and additional funding of \$525,000 was approved in April 2012 (co-financed by the Government of Australia), to support the implementation of the SSP's output on safer schools.

D. Some Key Findings of the Program Completion Report and Related Independent Evaluations

11. **Completion Report for the SSP.** The program was rated successful. It was relevant, having adhered to the Government of Nepal and ADB's strategy and design. It was however less than effective, as full achievement of an outcome and some outputs were not complied with. It was efficient, with the timely and full disbursement of grant amount, and an adequate economic internal rate of return (EIRR). It was also viewed as likely sustainable, as reform initiatives for quality improvement are continued by the government and the development partners in the upcoming SSDP, 2017–2023 (footnote 2).

12. The PCR identified some key findings and lessons: (i) anticipation of the transitional and fluid political situation of the country should have triggered a program design with a longer duration for the implementation of reform measures; (ii) provision of adequate and accountable staffing within the MOE system would have reinforced the pace of implementation; and (iii) enforcement of new policies and guidelines suffered due to weak capacity. The PCR recommended that the PPER to be prepared in 2018, which will be useful for the midterm review of the SSDP, 2017–2023.

13. **Related Independent Evaluations.** The Country Partnership Strategy Final Review Validation (CSPFRV) for Nepal found that historically, performance of program lending in Nepal has generally been poor, i.e., governance related programs.⁷ In contrast, the education sector loan programs have performed relatively well, particularly as this relates to contributing to sector reforms and institutional development. A SWAp in school education has proven to be a

⁷ IED. 2013. *Country Partnership Strategy Final Review Validation for Nepal 2010–2012*. Manila.

reasonably efficient use of resources and was continued in the SSRP (footnote 1), included under the succeeding country partnership strategy (CPS) in Nepal.

14. Other findings of the CPSFRV and other evaluation/validations included⁸:
- (i) presence of a strong development partner support in the education sector has substantially improved the quality of and access to school education; this included exceeded CPS targets for the net enrollment levels in basic education, secondary education, and gender parity at basic education;
 - (ii) ADB's support for the SWAp, and to teacher education and secondary school development contributed to secondary school access and quality;
 - (iii) Delays in amending the Education Act have hampered sector reform in providing basic education;
 - (iv) policy dialogue needs to have depth and traction with the country's institution to be effective;
 - (v) sound public financial management at the national level and supervision system in the field are important for eliciting proactive responses to reform efforts; and
 - (vi) capacity development is crucial to improve absorption of expertise and institution building.

E. Evaluation Objectives and Methodology

15. **Objectives.** The objectives of the PPER are to: (i) assess the SSP performance, sustainability and impact based on IED's new guidelines for evaluating public sector operations⁹; and (ii) generate a set of findings, lessons, and recommendations for engagement of ADB in ADF countries. Further, the findings of the assessment are to provide inputs to the forthcoming IED evaluation on ADF operations.

16. **Scope and evaluation issues.** The PPER will assess the program using the core evaluation criteria of relevance, effectiveness, efficiency, and sustainability. Non-core evaluation criteria such as development impacts and performance of ADB and the borrower/executing agency will also be assessed.

17. The key issues that the PPER will address relate to: (i) program design and innovation; (ii) choice of modality for the project; (iii) achievement of intended outcome and outputs, including policy actions and compliance with grant covenants; (iv) implementation processes and expenditure of funds; (v) sustainability of key outcomes and outputs, given the continued support for the SSDP and ADB support to the SWAP; (vi) institutional capacity and overall readiness of the government for the program; and (vii) institutional development impacts.

18. **Approach.** A more detailed set of evaluation questions is presented in Appendix 1. The evaluation will be specifically guided by the relevant sections in the Guidelines for the Evaluation of Public Sector Operations (footnote 9). The IED team will conduct desk reviews of relevant documents related to the program, including documents related to the ESP III. There will also be consultations with the staff in the Nepal Resident Mission, as these grants and TA were delegated to the resident mission to oversee the program implementation; and carry out interviews and discussions with government officials and staff, and relevant stakeholders. For this PPER, IED plans to involve staff from the government's evaluation unit, if available and interested, as part of its strategy in supporting the development of the government's capacity in evaluation, encourage co-learning, and improvement of evaluation systems.

⁸ Inclusive of project validations findings.

⁹ IED. 2016. *Guidelines for the Evaluation of Public Sector Operations*. Manila, ADB.

19. **Data Sources.** The evaluation plans to collect primary data through interviews with government counterparts in Kathmandu. The desk review will focus on secondary data sources including ADB policies and strategies and government publications on the SSDP, 2017–2023.

F. Tentative Schedule and Resources

20. The independent evaluation mission is proposed to be undertaken in July 2018 for approximately 8 working days subject to clearance from the Government of Nepal.

21. The PPER will be led by a senior evaluation officer to be supported by an evaluation assistant with overall guidance from the Director, Thematic and Country Division of IED (IETC). International and national consultants will be engaged to help in the preparation of the PPER. Appendix 2 provides the terms of reference of these consultants.

22. The table below provides details of the indicative schedule.

Activity/Milestone	Target Date
Preparation of the evaluation approach paper	II May–IV May 2018
Recruitment of consultants	II May–I June 2018
Desk review	IV May–II July 2018
EAP approval	I–II July 2018
Independent evaluation mission	III–IV July 2018
Analysis and report writing	I–IV August 2018
Internal peer review	I September 2018
Interdepartmental review, including Government Review and addressing of comments	II September–II October 2018
Draft for editor review	III–IV October 2018
Program performance evaluation report (PPER) finalization	I November 2018
Submission for approval (Director, Thematic and Country Division)	II November 2018
PPER submission for approval (Director General, Independent Evaluation Department)	III November 2018

G. Dissemination of Findings

23. The PPER will be available to the public after approval by the Director General, IED. The report will be uploaded on ADB's external and internal websites and will provide inputs to ADB's evaluation information system.

Appendixes (*public*):

- 1) Evaluation Matrix: Key Program Performance Evaluation Report Questions
- 2) Terms of Reference for International and National Consultant

Supplementary Appendix (*not public*):

- A) Cost Estimates

EVALUATION MATRIX: KEY PROGRAM PERFORMANCE EVALUATION REPORT QUESTIONS

Criteria	Specific Evaluation Questions	Data Sources
I. Program Performance		
Relevance	<ul style="list-style-type: none"> • Was the program consistent and in line with the strategies and policies of the Government of Nepal and the Asian Development Bank (ADB)? • Was the rationale for the program based on sound economic, political, and social priorities? • Was the use of policy-based loan (PBL) as a modality relevant for the policy reforms to be supported in the education sector in Nepal? • Was the adoption of a SWAp relevant given the prevailing governance issues at the time? • To what extent were there strong links between the Policy Matrix and design monitoring frameworks (DMF) of the PBL-based SSP? To what extent were the policy actions critical to the desired outcomes and outputs of the DMF at the design and completion stages? • What value-added was expected by choosing the PBL modality for the SSP? • How feasible are the policy conditions in terms of quality of requirements for tranche releases? • Was a choice for PBL for the SSP based on thorough analytical work? • Has the project taken into consideration lessons/recommendations from ESP III? • Were the key performance indicators and targets used in the DMFs appropriate and realistic (each subprogram has a DMF)? • What were the effects in the relevance of the SSP, with the delays in the government amendment of the Education Act, particularly in ensuring the adoption of measures for the SSRP's compliance? • To what extent were the SSP design components on schools' safety innovative and contributed to transformative effects in improving the beneficiaries' well-being, and promoted positive reforms? • To what extent were stakeholders—including the government, executing agency (EA), development partners involved in the JFA—involved in the design of the program, and what was their sense of ownership? • Which SSP related outcomes and outputs, and features had been incorporated in the SSDP, 2017–2023? • Was there a sufficient assessment of institutional capacity and program readiness undertaken at appraisal? 	<ul style="list-style-type: none"> • Report and Recommendation of the President to the Board of Directors (RRP) • Grant Agreement • SSRP Final Report • Minutes of Management Review Meetings • Back-to-office reports (BTORs) and midterm reviews • Program Completion Report (PCR) • Independent Evaluation Mission (IEM) interviews
Effectiveness	<ul style="list-style-type: none"> • To what extent were the program outcome and outputs achieved as indicated in the DMFs? • What outcome and output targets were not achieved, what are the reasons? • Were the policy actions results-driven or process-oriented? • What major achievements were realized (including any beyond the scope of the interventions) and were there any unexpected outcomes and achievements? • What factors contributed to the achievement, or shortfall/s, of the expected outcome and outputs? • Were the implementation arrangements adequate to achieve the program outcomes? 	<ul style="list-style-type: none"> • RRP • Grant Agreement • Development Policy Letter and Matrices • DMFs • PCR • New data collected since program completion • IEM interviews

Criteria	Specific Evaluation Questions	Data Sources
	<ul style="list-style-type: none"> • To what extent has the Gender Vulnerability Communities Action Plan (GVCAP) achieved the targets stipulated for this program—particularly in achieving gender equity? • Per the midterm review (MTR), there was a recommendation to consolidate interventions into a comprehensive equity strategy (pro-poor focus) since the fragmentation in the support in improving equity led to low effectiveness.¹ What was the extent of the effectiveness of this move to achieve outputs/targets? • Were policy conditions including triggers met and if conditions were not complied with, why? • To what extent did partial compliance with the tranche release conditions on social safeguard and staffing for financial management and engineering requirements affected the SSP outcomes and outputs? • What were the roles of stakeholders in program implementation? • Were the implementation arrangements appropriate and adequate to achieve the program outcome? • Were the risks identified during appraisal sufficiently mitigated in the program design and during the program implementation? • How well were the TA components designed in supporting the government to meet the SSP tranche conditions? 	
Efficiency	<ul style="list-style-type: none"> • How well were the program resources used in achieving the expected outcome? • Was the timeline for the program sufficient to implement the envisioned reforms under the PBL program grant (i.e. 3 years of the School Sector Program implementation)? • Has there been a financing gap which led to reprioritization and program restructuring? • Were the approval and effectiveness of the grants and the implementation of agreed actions in the policy matrix timely? • Were policy conditions and triggers timely met for the release of funds? • Were the preparation and implementation processes timely undertaken and fiduciary arrangements (if any) in place (e.g., delays in the release of second tranche from December 2012 to 3rd quarter of 2013; delays in the third tranche by one semester due to delays in strengthening documentation for progress reporting)? • What was the effect of the extension of the SSP from the original grant closing of December 2014 to 2015—how did it affect the SSP in achieving the outcomes and outputs? • How was the efficiency given the qualitative assessment of the timeliness in approving the grant, and implementing the actions agreed in the policy matrix? • Were the assumptions for the benefits and investment costs sound (benefits of more future workers with at least 8 years of schooling, higher productivity and earnings, and less wastage through fewer school dropouts)? 	<ul style="list-style-type: none"> • RRP • Development Policy Letter and Matrices • Disbursements and utilization reports • PCR • New data collected since program completion • IEM interviews

¹ BTOR of MTR from 5 to 28 March 2012.

Criteria	Specific Evaluation Questions	Data Sources
Sustainability	<ul style="list-style-type: none"> • How likely are the human, institutional, financial and other resources to be sustained? • Were human, financial, and institutional conditions sufficient to support the program outcome? • What could have been done to mitigate the capacity constraints? • Will there be continued support for and commitment to the program outcomes (i.e., sustainability of SSP's priorities on minimum enabling conditions, out-of-school children action plan, NASA action plan, Gender Vulnerable Action Plan)? • What is envisioned for sustainability of the outcomes and outputs of the school safety action plan (i.e., financial commitments, technical capabilities, and institutional arrangements)? • How are the grant components for the scholarships and incentives schemes for school girls being sustained? • Are changes in the policy and institutional frameworks likely? • How has the post-SSRP education sector plan (beyond 2016) supported the achievements of the SSP? • Are there technical assistance projects to continue support of reforms under the SSP; if yes, what was the support? 	<ul style="list-style-type: none"> • PCR • Government budget documents and economic and financial data • New data collected since program completion • IEM interviews
II. Other Assessments		
Development Impacts	<ul style="list-style-type: none"> • As stated in the DMF, has the project enhanced educational attainment and livelihood, particularly for girls and disadvantaged groups? • At the time of the IEM, what were the likelihood of risks and assumptions affecting the achievements? • Are there unanticipated impacts that can be plausibly attributed to the program, and are these properly documented and are sufficient to affect the project? • Were there any strategic agenda in which the project would contribute to, i.e., inclusive economic growth, environmentally sustainable growth and regional cooperation and integration? In addition, are there any drivers of change as well? • How has ADB's support to the SWAp affected the project's impact? 	<ul style="list-style-type: none"> • PCR • Government reports and economic and financial data • New data collected since program completion • IEM interviews
ADB Performance	<ul style="list-style-type: none"> • Did ADB adopt the lessons learned from ESP III, in terms of planning adequately for adoption of delays in passing for relevant government enactment/amendments? • Was a sufficient diagnostic assessment undertaken at appraisal? • Were lessons learned from previous ADB and independent studies and evaluation incorporated into the program design? • To what extent did the ADB and the government take the initiative to suitably modify program design (if required) during implementation in response to any change in circumstance or emerging opportunities? • Were prompt actions taken to ensure the timely implementation of recommendations from BTORs, including the midterm review and resolve any implementation bottlenecks? • Is program supervision during project implementation, including ADB staff continuity; and frequency, composition, and length and quality of inception and review missions; and midterm review adequate (number and composition)? • Did ADB provide attention to monitoring and evaluating data and processes during program implementation and subsequently at completion? 	<ul style="list-style-type: none"> • PCR • BTORs • ADB performance data • New data collected since program completion • IEM interviews

Criteria	Specific Evaluation Questions	Data Sources
	<ul style="list-style-type: none"> • Was the ADB self-assessment (i.e., PCR) timely and of quality? 	
Borrower/EA Performance	<ul style="list-style-type: none"> • Did the EA ensure the quality of program preparation and in meeting grant effectiveness requirements, implementing program activities, and taking steps for program sustainability? • Were institutional arrangements adequate to ensure effective and efficient program? • To what extent was the government ownership of and support for the program? • How well did the Government of Nepal utilized the TA resources to strengthen its capacity? • Were grant covenants complied with? • What was the EA's role in coordinating assistance from the various development partners—in support of the SSRP? • Was there adequate program monitoring, evaluation, and reporting done by the executing agency? 	<ul style="list-style-type: none"> • PCR • BTORs • Government data and staff feedback • New data collected since program completion • IEM interviews

TERMS OF REFERENCE FOR INTERNATIONAL AND NATIONAL CONSULTANTS

Objectives/Purpose of Assignments

1. The Independent Evaluation Department (IED) of the Asian Development Bank (ADB) will undertake an *ex post* evaluation of the School Sector Program of Nepal (Grants 0272 and 0289). The evaluation will collect and analyze information needed for the Program Performance Evaluation Report (PPER), an assessment of the program in terms of the evaluation pillars namely: (i) relevance, (ii) effectiveness and efficiency in achieving program outcome and outputs, and (iii) sustainability of the achieved outcome and outputs. Special attention will be given to identifying key issues, lessons, and follow-up actions for future ADB operations. The evaluation can provide as input to the evaluation of the Asian Development Fund 12 (ADF 12), programmed for delivery in 2019.
2. The evaluation will cover, among others, the issues identified in the evaluation approach paper and will be undertaken by a team consisting of: (i) a Senior Evaluation Officer as team leader, (ii) an evaluation assistant, (iii) education specialist (international consultant), and (iv) an in-country evaluation consultant (national consultant). An IED staff will provide peer review comments. Director of Thematic and Country Division will provide overall guidance.

A. International Education Specialist

3. The international consultant will be required to assist the team leader in preparing the PPER. The international consultant should have evaluation experience and good working knowledge on public financial and economic management and should be familiar with the country context. The duration of the assignment is 28 input days on an intermittent basis. The international consultant will submit a report, as inputs to the PPER, 2 weeks after the completion of the mission. The international consultant shall report directly to the team leader.
4. Specific tasks to be undertaken by the international consultant include:
 - (i) Assist in the desk review to assess country strategy and country program reports, and government plans and policies, in addition to other related sector-level (education) and project documents;
 - (ii) Prepare issues based on findings from the desk review to inform the preparation of the draft PPER;
 - (iii) Identify stakeholders to be interviewed, and prepare an interview guide to be disseminated to stakeholders in coordination with the in-country consultant;
 - (iv) Assist in consultations with ADB staff to identify what has worked, what has not, and why;
 - (v) Participate in the independent evaluation mission (IEM) as part of the independent evaluation team, to undertake structured interviews with stakeholders in executing and implementing agencies; and development partners;
 - (vi) Assist in the preparation of the PPER (and *Aide Memoire*, if necessary), including relevant appendixes to support IEM's findings;
 - (vii) Prepare a draft report based on the findings of the desk review and interviews as well as the IEM; and
 - (viii) Perform other tasks necessary for evaluating the program and finalizing the report.

B. In-country evaluation consultant

5. The national consultant will provide analytical support to the PPER team in the field. The national consultant should have experience in research and evaluation, with good analytical and writing skills, as well as computer skills. The national consultant should also have good interpersonal skills and the ability to work independently and accurately. The duration of the assignment is 10–15 input days on an intermittent basis.

6. Specific tasks to be undertaken by the national consultant include:

- (i) Arrange meetings with government counterparts and other program stakeholders as well as accompany the team to meetings;
- (ii) Assist with other necessary logistical arrangements for the IEM;
- (iii) Participate in interviews and discussions to provide a national perspective and to help sensitize the team to national policies and cultural considerations, and to place the results of the interviews and discussions in a realistic perspective;
- (iv) Provide research support and assist in the collection of pertinent data and documents, as necessary; and
- (vii) Perform other tasks that may be assigned by the team leader and/or international consultant.