

SUMMARY SECTOR ASSESSMENT: EDUCATION

A. Sector Performance, Problems, and Opportunities

1. The school education cycle in Nepal incorporates grades 1–12, and early childhood education as well as nonformal education and lifelong learning. The recently enacted eighth amendment to the Education Act restructures the fragmented school education sector into a holistic one.¹ In line with the global Education for All targets and the Millennium Development Goals, Nepal has implemented several large-scale reforms in school education since the early 1990s. These include the Basic and Primary Education Program I and II, FY1993–FY2004, the Education for All Program, FY2004–FY2009, and the School Sector Reform Plan (SSRP), FY2010–FY2016. These reform programs were extensively supported by various development partners, through a sector-wide approach that has improved donor coordination and harmonization. Basic education is the major beneficiary of these reforms.

2. **Enrollments.** Nepal has made steady progress in enrollments in basic education. The net enrollment rate (NER) for primary grades (1–5) increased from 93.7% in SY2009 to 96.6% in SY2015, and the NER for overall basic education (grades 1–8) increased from 83.2% to 88.7% in the same period (Table 1). Girls' participation has increased, with full gender parity achieved in enrollments in basic education. The proportional share of Dalits, Janajatis, and other marginalized groups in total enrollments also increased.

Table 1: Number of public schools and enrollments, SY2010–SY2015

School Level	Number of Schools ^a		Enrollments ('000)		% Change in Enrollment	Net Enrollment Ratio (%)	
	2010	2015	2010	2015		2010	2015
ECED/PPCs	26,773	30,516	947	967	+2.2	63.0 ^d	80.6
Primary (1–5)	27,093	27,950	4,363	3,545	-16.0	92.0	96.6
Upper basic (6–8)	8,823	11,187	1,469	1,558	+6.05	69.3	80.9
Basic education (1–8)	27,242	27,950	5,832	5,103	-12.5	86.0	88.7
Secondary (9–10)	4,946	6,140	680	758	+11.6	46.5	58.0
Higher secondary (11–12)	1,878	2,698	277	313	+13.2	7.8	16.8
Secondary education (9–12)	4,995	6,140	957	1,072	+12.0	27.1	37.8

ECED = early childhood education and development, PPC = pre-primary center.

^a Schools are counted more than once depending on the levels (primary, upper basic, and secondary).

^b Figures for ECED are gross enrollment rates.

Source: Government of Nepal, Ministry of Education. *Flash Reports 2010–2011 and 2015–2016*. Kathmandu.

3. Despite good progress in basic education, many students do not progress to secondary education (grades 9–12) because they either have no access to it or cannot afford it. NERs in grades 11–12 fall sharply to 16.8% compared with 58.0% in grades 9–10 (SY2015). While Dalits constitute 19.7% of the total enrollment at the primary level, their share drops to 9.0% at the secondary level. The net attendance of students from the poorest quintile was only 7.6% in grades 9–10, and 1.6% in grades 11–12, compared with 56.5% and 30.5% for the richest quintile.² Thus poverty is a critical bottleneck to enrollment and school participation at the secondary level.

4. **Efficiency.** Repetition rates have declined and the cohort survival rates (CSRs) have risen. The CSRs for primary education improved dramatically from 58.0% in 2008 to 86.8% in 2014, indicating that from a cohort of 100 children in grade 1, 86 reached grade 5. CSR

¹ Nepal's school sector is now divided into basic education (grades 1–8) and secondary education (grades 9–12).

² Government of Nepal, National Planning Commission, Central Bureau of Statistics. 2011. *Nepal Living Standards Survey (NLSS III)*. Kathmandu.

increased moderately for grade 8 (from 66.0% to 74.6%) in the same period. However, the CSR for grade 10 in 2015 was quite low at 37.9%. The completion rate for primary grades (1–5) was 79.7% in 2014, and 66.7% for basic education overall (grades 1–8). Further, owing to high failure rates in the annual board examinations conducted at the end of grade 10, few students proceed to higher secondary education.

5. **Quality.** Learning outcomes are low as evidenced by National Assessment of Student Achievement results for grades 3, 5, and 8. The average scores in grade 8 (2013) were particularly low for science (41.0%) and math (35.0%), and significant disparities were seen across regions and districts, rural and urban areas, social and income groups. While low levels of learning is an issue in general, it is more acute in secondary grades. The overall pass rate at grade 10 in SY2015 was 47.4%, with only 33.0% pass rate for students from public schools against 89.0% for private schools. Further, the pass rate for girls (40.9%) was much lower than that for boys (53.9%). Only about 3.5% of the total students enrolled in grades 11–12 take up science subjects, given the low student learning achievements. The main constraints to improving quality are:

- (i) insufficient availability of qualified subject teachers, especially for math, science, and English;
- (ii) inadequate professional development of teachers, particularly of subject teachers;³
- (iii) ineffective school leadership since the head teacher is only one of the teachers and does not have the authority and capacity to manage school affairs effectively;
- (iv) outdated teaching–learning processes that rely heavily on content delivery from textbooks, teacher-centered methods, and rote learning;⁴
- (v) poor quality of textbooks, dearth of activity-based materials,⁵ and little use of information and communication technology (ICT) in the classroom for enriching the teaching–learning process; and
- (vi) assessments and examinations that do not adequately assess the ability to apply knowledge and skills, and creativity, nor act as powerful levers to improve teaching and learning in the classroom.

6. **Governance, management, and institutional capacity.** Nepal's school education sector is highly decentralized. Schools are run by elected school management committees that are largely responsible for managing the school grants received from the center. Planning and budget preparation processes are not effective because district and school education plans are based on norms and ceilings set nationally rather than on the needs of districts and schools. Significant delays occur in the release of funds—nearly 47% of the budget is released in the final 4 months of the fiscal year. Allocation and utilization of funds is suboptimal, leading to inefficient and ineffective use of resources.

7. **Sector financing.** The high priority that the government attaches to the education sector is evident in the current periodic plan (2014–2016) and forthcoming periodic plan (2016–2020). The government's budget allocation to education has been about 3.0% of gross domestic product and amounted to more than 12.0% of total government expenditure during 2009–2015.

³ ADB. 2012. *Midterm Evaluation of the SSRP*. Manila; ADB. 2013. *Teacher Management and Development Study*. Manila; ADB. 2015. *Joint Final Evaluation of the SSRP*. Manila.

⁴ Research Centre for Educational Innovation and Development. 2010. *Baseline Study of Existing Classroom Teaching Practices in Nepal*. Kathmandu.

⁵ Background study of curriculum, textbooks, and student assessment and evaluation.

More than 80.0% of the total education sector budget was allocated to school education. External development partners contributed about 18.5% of the budget on average during the SSRP. However, the majority of the school education budget is spent on teacher salaries, pensions, and other recurrent costs, leaving little for capital investments and for providing comprehensive quality inputs to schools and for improving teaching–learning processes in the classrooms.

8. **Opportunities.** The public sector is a predominant provider of school education, catering to the majority of students—83.9% at basic and 77.2% at secondary level. However, public schools are often perceived as being inferior to private schools due to the poor performance of students. Improvement in public schools is essential to upgrade the quality of human capital, and will bring substantial individual and social returns. Various studies show that education increases the employability and future income of individuals by enhancing their productive capacities. According to the Nepal Living Standards Survey (2010–2011), the average annual wage income of people with higher education is higher than it is for those with lower education. Investment in education also brings equity, especially with efficient targeting the education of poor and disadvantaged children. Education of better quality will boost the employability of graduates, including in the global labor market, which in turn helps increase remittances.

B. Sector Strategy

9. Education is seen as a major pillar for poverty reduction. Development of human capital is critical to fulfilling Nepal’s aspiration to graduate from the least developed country status by 2022 and achieve the Sustainable Development Goals by 2030, for which continued investment in education, particularly secondary education, is crucial.⁶ The School Sector Development Plan (SSDP) aims to produce the human resources needed to elevate the country’s status by 2022. To achieve this, the plan will “improve the equity, quality, efficiency, governance, and management of the education sector”.⁷ The main outputs of the SSDP are: (i) improving equitable access to and quality of pre-primary and basic education; (ii) improving access to and equity and quality in secondary education; (iii) increasing the provision of qualified and trained teachers; (iv) strengthening teacher management and accountability; (v) enhancing the resilience of schools to various kinds of disasters; and (vi) improving governance, management, and monitoring of the education sector.

10. Two important recent developments favor school sector reforms—the new Constitution (2015) envisages education as a fundamental right and provides for free and compulsory basic education (grades 1–8) and free secondary education (grades 9–12), thereby strengthening the government’s commitment to education; and the Eighth Amendment to the Education Act (2016) paves the way for restructuring the fragmented school system into a holistic system and for implementing comprehensive reforms in the sector. Major reform areas include teacher management, student assessment and examinations, decentralized management of school grants, and institutional strengthening to improve the quality and relevance of school education.

11. The SSDP is a new flagship initiative of the government to improve access, equity, and quality of the entire school education system. The reforms proposed are geared towards (i) the expansion of secondary education; (ii) improved teacher management to ensure adequate

⁶ One of the three criteria for graduation from least developed country status is improvement in the Human Assets Index, including education and literacy. United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. Criteria for Identification and Graduation of LDCs. <http://unohrrls.org/about-lidcs/criteria-for-lidcs/> (accessed 4 July 2016).

⁷ Government of Nepal, Ministry of Education. 2016. *School Sector Development Plan, 2016–2023*. Kathmandu.

placement of trained subject teachers from grade 6 onward; (iii) a revamp in the way math, science, and English are taught and learned; (iv) the augmented use of information and communication technology (ICT)-enriched learning; and (v) the implementation of a model school program. Recognizing that disadvantages can be multidimensional with economic, social, and geographic aspects, the SSDP will implement a new equity strategy to reduce disparities in access, participation, and learning outcomes.⁸ Institutional reforms are integral to SSDP. A National Examinations Board will be established to improve coherence between curriculum, textbooks, and assessments. The Education Review Office will be strengthened for regular performance audits of school education. The SSDP interventions will improve the performance of public schools in relation to private schools and upgrade the overall quality of human capital, and bring substantial individual and social returns.

C. ADB Sector Experience and Assistance

12. The Asian Development Bank (ADB) has been a major development partner supporting the education sector reforms in Nepal. Since 2006, ADB has used a sector-wide approach to support the government's Education for All Program and the SSRP. Through these initiatives, ADB contributed to improving educational infrastructure and minimum enabling conditions for enhanced learning; free textbooks, scholarships, and incentives for marginalized groups; mainstreaming of out-of-school children; teacher management and professional development; school safety; and fiduciary risk reduction in the school sector.

13. **ADB focus.** Building on its extensive experience in education, ADB will support the government's SSDP through results-based lending (RBL). Program-based lending was the appropriate modality to support the School Sector Reform Program (SSRP) which preceded SSDP.⁹ The RBL modality is most suited to support the SSDP because: (i) the government has demonstrated strong leadership and commitment to implementing reforms in critical areas; (ii) the program requires greater emphasis on translating policies already in place to implementation; and (iii) the JFPs have agreed on a single results framework and a common disbursement-linked indicators (DLIs) framework with the government. This approach increases harmonization, reduces administrative burden and enables effective focus on results. The core focus of ADB investment will be in the following areas: placement of trained subject teachers and head teachers in basic and secondary schools; strengthening of the teaching and learning of math, science, and English subjects; development of model schools as demonstration sites of comprehensive quality enhancement; professional development of teachers; examination reforms; development and use of ICT and e-learning resources as well as activity-based math, science, and English language kits for improved teaching and learning; and strengthening of financial management, transparency, and accountability for stronger sector governance. By focusing on these reform areas, it is expected that ADB will contribute to better access to and equity and quality of school education, ultimately leading to a more qualified human resource base for equitable socioeconomic development of Nepal.

⁸ Government of Nepal, Ministry of Education. 2014. *Consolidated Equity Strategy for the School Education Sector in Nepal*. Kathmandu. <http://www.doe.gov.np/assets/uploads/files/47441f6a3f1e62dedb7bb91655b8df92.pdf>

⁹ Program-based lending was used in SSRP to facilitate policy development which was crucial to create enabling conditions for reforms. The SSRP was implemented during FY2010–FY2016 and led to positive results in improved basic education.

PROBLEM TREE

