

# Program Implementation Document

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## Nepal: Supporting the School Education Sector Plan

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## **PURPOSE OF THE PROGRAM IMPLEMENTATION DOCUMENT**

The developing member country is wholly responsible for implementing the program supported by results-based lending. Asian Development Bank staff support the results-based lending program design and implementation.

The program implementation document consolidates the essential program implementation information. It is a management tool that supports effective program implementation, monitoring, and reporting. It is developed throughout program processing and should be discussed with the developing member country at loan negotiations. It is a living document that should be refined and kept up-to-date during program implementation.



## ABBREVIATIONS

|        |   |  |
|--------|---|--|
| ADB    | – | Asian Development Bank                                 |
| AWPB   | – | annual work plan and budget                            |
| BLE    |   | Basic Level Examination                                |
| CEHRD  | – | Center for Education and Human Resource Development    |
| CLA    | – | central line agencies                                  |
| DLIs   | – | disbursement-linked indicators                         |
| DMC    | – | developing member country                              |
| DTCO   | – | District Treasury Controller Office                    |
| EMIS   | – | Education Management Information System                |
| FCGO   | – | Financial Comptroller General Office                   |
| GDP    | – | gross domestic product                                 |
| ICT    | – | Information and communication technology               |
| JFA    | – | joint financing arrangement                            |
| JFP    | – | joint financing partner                                |
| M&E    | – | monitoring and evaluation                              |
| MOEST  | – | Ministry of Education, Science and Technology          |
| MOF    | – | Ministry of Finance                                    |
| MOFAGA | – | Ministry of Federal Affairs and General Administration |
| NPC    | – | National Planning Commission                           |
| OAG    | – | Office of Auditor General                              |
| PAP    | – | program action plan                                    |
| PFM    | – | public financial management                            |
| PID    | – | program implementation document                        |
| PPA    | – | Public Procurement Act                                 |
| PPR    | – | Public Procurement Rules                               |
| PTCO   | – | Province Treasury Controller Office                    |
| ReAL   | – | Recovery and Accelerated Learning                      |
| RBL    | – | results-based lending                                  |
| SMC    | – | School Management Committee                            |
| SESP   | – | School Education Sector Plan                           |
| SSSDP  | – | Supporting School Sector Development Plan              |
| SWAp   | – | sector-wide approach                                   |
| TA     | – | technical assistance                                   |
| TSA    | – | Treasury Single Account                                |



## I. PROGRAM DESCRIPTION

1. Reducing inequities in access and participation and improving quality and resilience of school education are essential to better prepare the youth for higher education and acquiring relevant skills. In line with Nepal's long-term vision and commitment to Sustainable Development Goal 2030, the Ministry of Education, Science and Technology (MOEST) approved the School Education Sector Plan (SESP) for FY2022–FY2030.<sup>1</sup> MOEST developed a costed program for the first five years (FY2023–FY2027) of SESP to be implemented through a SWAp, building on lessons learned from past interventions.<sup>2</sup> The SESP's outputs are (i) equitable access for all, (ii) quality and relevance of education, (iii) life-long education for all citizens, and (iv) good governance and management. Eight joint financing partners (JFPs) including ADB support SESP through joint financing, other partners provide support stand-alone.<sup>3</sup> The Joint Financing Arrangement (JFA) is drafted and is in **Annex 1**.

2. ADB along with seven JFPs will address the remaining inequities and constraints leading to low learning by prioritizing and sequencing selected results from SESP. The RBL modality is most suitable for the ADB support to the SESP as (i) the government has demonstrated strong ownership and commitment to a comprehensive sector plan with medium-term expenditure framework developed through wide stakeholder consultations; (ii) it allows to prioritize, incentivize, and sequence results and strengthen institutional development for better sector performance; (iii) it strengthens coordination, harmonization and complementarity with other development partners, especially JFPs; (iv) it assesses system capacity to implement the RBL program with adequate mitigation measures for capacity gaps and risks; and (v) it builds upon an earlier intervention using RBL, Supporting School Sector Development Plan (SSDP). ADB 's RBL program supports the selected interventions of the government's broader program. The scope of the broader government program and the RBL program is summarized in Table 1.

**Table 1: Program Scope**

| Item        | Broader Government Program (SESP)   | Results-Based Lending Program   |
|-------------|---|---|
| Outcome     | Well-governed, capable, and accountable public school system for relevant and quality education comparable to international standards   | Equity, quality, and resilience of school education strengthened  |
| Key outputs | <ul style="list-style-type: none"> <li>(i) Equitable access to and participation of all children ensured</li> <li>(ii) Quality and relevance of overall school education enhanced</li> <li>(iii) All citizens made literate with basic functional skills, and opportunities for continuing education and lifelong learning expanded</li> <li>(iv) Effectiveness of education service delivery ensured by promoting good governance, intergovernmental coordination, and capacities</li> </ul> | <ul style="list-style-type: none"> <li>(i) Learning provisions for basic and secondary schools enhanced</li> <li>(ii) Teaching and learning in basic and secondary schools strengthened</li> <li>(iii) Learning recovery accelerated</li> <li>(iv) Local governments' education planning, monitoring, and reporting improved</li> </ul> |

<sup>1</sup> Government of Nepal, Ministry of Education, Science, and Technology. 2022. School Education Sector Plan 2021-2030. Kathmandu. The plan was prepared in 2021, endorsed in 2022 and implementation starts in FY2023.

<sup>2</sup> ADB. 2017. [School Sector Program Completion Report](#). Manila; ADB. 2019. [Performance Evaluation Report School Sector Program \(Nepal\)](#), Manila; and ADB. 2016. [Report and Recommendation of the President to the Board of Director: Proposed Results-Based Loan and Technical Assistance Grant to Nepal for Supporting School Sector Development Plan](#). Manila.

<sup>3</sup> The eight JFPs are ADB, Finland, Global Partnership for Education, European Union, Norway, United Nations Children's Fund (UNICEF), United States Agency for International Development, and the World Bank.

| Item   | Broader Government Program (SESP)   | Results-Based Lending Program  |
|--|---|--|
| Activity types                                     | Early childhood education and development; midday meal program; scholarship schemes for all grades; teacher recruitment and deployment; provision of textbooks and learning materials, also digital ones; construction of disaster-resilient classrooms, information and communication technology facilities, and laboratories; disability-inclusive teacher training and learning materials; revised teacher professional development framework. Professional development certification programs; examination and assessments. Strengthening education governance capacity in three tiers of government. | Revision and expansion of pro-poor scholarships; GESI-responsive and climate- and disaster-resilient construction of secondary schools for science teaching and learning; placement of adequate numbers of subject teachers in schools; access to online resources; strengthening of foundational reading and numeracy proficiencies; school-based professional support for teachers; inclusive teacher training; standardization of examinations; strengthening local government capacity for financial management, including education planning and budgeting. |
| Expenditure size                                   | \$8.36 billion  | \$3.58 billion   |
| Main financiers and their respective total amounts | Government (federal): \$7,230.8 million<br>Development partners: \$633.4 million <sup>a</sup><br>Provincial and local level governments: \$498.0 million  | Government (federal): \$2,688.1 million<br>Asian Development Bank: \$200.0 million<br>Other JFPs: \$197.0 million <sup>b</sup><br>Provincial and local level governments: \$498.0 million  |
| Geographic coverage                                | Nationwide  | Nationwide   |
| Implementation period                              | Fiscal years 2023–2027  | Fiscal years 2023–2027   |

GESI = gender equality and social inclusion, JFP = joint financing partner, SESP = School Education Sector Plan.

<sup>a</sup> Both JFP and non-pooling contributions. Several partners indicated that they may consider additional financing.

<sup>b</sup> The JFPs have different program boundaries. The European Union, the governments of Finland and Norway, United Nations Children's Fund, and United States Agency for International Development finance the broader government program. The Asian Development Bank and the World Bank have the same program boundary. The World Bank will administer the Global Partnership for Education grant.

Sources: Asian Development Bank; Ministry of Education, Science and Technology of Nepal; and the World Bank.

## II. RESULTS AND DISBURSEMENT

### A. The Results-Based Lending Program's Overall Results

3. The program results framework for the ADB's RBL program is anchored within the overall SESP program and results framework. The program results framework of the overall government program is annexed in JFA The RBL program's impact—competent and qualified citizens increased—is aligned with the SESP. The outcome will be equity, quality, and resilience of school education strengthened. Outcome will be measured by (i) increased share of students enrolled in science subjects in grades 11–12 (DLI 1), (ii) increased share of students with disabilities enrolled in basic education (DLI 1), (iii) improved proficiency in reading and numeracy of grade 3 students (DLI 2), and (iv) increased survival to grade 10. The program will benefit 7.1 million students, more than 252,000 teachers, and more than 27,000 schools. Based on key lessons learned from the previous program, the RBL will focus on holistic approach from early grades to secondary education along with learning recovery from COVID-19 pandemic and institutional development to deliver education in federal context. The RBL program consists of four outputs, described as follows:

4. **Output 1: Learning provisions for basic and secondary schools enhanced.** This output focuses on providing quality inclusive learning facilities to improve participation in science subjects in grades 11–12 based on the local government needs assessment. The existing secondary schools across the country will be mapped and prioritized for science education in grades 11–12, and the school facilities will be upgraded incorporating gender equality and social

inclusion (GESI), and disaster and climate resilient design standards and improved construction management. The design standards and construction management guidelines will be updated for local governments using best practices in school construction from the pilot model school program of SSDP and reconstruction of school buildings after 2015 earthquake, minimizing the impact of climate change risks on the new upgraded buildings schools.<sup>4</sup> This intervention is intended to improve the quality of physical infrastructure through comprehensive intervention rather than piece meal approach that have been practiced by the government, which has led to never ending need of new classroom constructions. The intervention will exemplify best practices in construction i for the local governments to improve overall school infrastructure.

5. Another intervention under the output is the revision of the pro-poor scholarship scheme to ensure equal opportunity to students and revised schemes implemented for grades 6–12. The revision of the pro-poor scholarship is expected to streamline various existing scholarships. The government has been implementing many scholarship schemes with very small amounts. They have been diffused and generic, and not adequately targeted to serve the interests of specific student groups. A key shortcoming has been the absence of poverty dimension in scholarship scheme calculation. Poverty has been the major issue for retention and survival in upper grades given the affordability and opportunity cost to education. Nepal has initiated various activities to improve access of school education to children with disabilities. The RBL will focus on improving training of teachers in disability-inclusive education. The focus in disability-inclusive education is new for ADB in Nepal and will be leveraging intervention of other key development partners for knowledge and innovation to improve disability-inclusive educations.

6. **Output 2: Teaching and learning in basic and secondary schools strengthened.** This output comprises increased placement of qualified Science, Mathematics, and English teachers for grades 6–10 given the shortage of subject teacher and weak teacher placement at local government schools. This intervention will also help to further deploy existing permanent teacher positions where there is excess. Another intervention under the output 2 is augmenting foundational competencies in reading and numeracy for grades 1–3. Given that the government has a new curriculum for grades 1–3 using integrated approach, the actions under the output will ensure implementation of the curriculum at the school level through provision of additional resource materials, teacher guide, and teacher training. The intervention is expected to improve school based formative assessments which has been revised and ensure focus on learning. Another new intervention under this output is piloting new school-based teacher professional development support through mentorship in 200 local governments. Teachers require continuous pedagogy support to translate knowledge and skills related to teaching in classrooms. The prevailing teacher support mechanism through resource centers in the form of resource persons were discontinued during the SSDP when school education function was devolved to local governments. This led to vacuum on teacher professional support mechanism in SSDP. Hence, the piloting of school-based teacher mentioning program is expected to innovate on pedagogy practices to improve teaching and teachers will be assessed on their performance.

7. Another key program result under the output 2 is to ensure that the government continues to strengthen the external public examination system in grades 8 and 12 initiated in SSDP. This is undertaken by improving business process including automation of examination within National Examination Board, capacity development of local government to implement standardized items in external grade 8 public examination along with framework for assessment for grade 12, standardized item development and piloting. As teachers teach to the test, changing the

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<sup>4</sup> ADB. 2015. [Report and Recommendation of the President to the Board of Directors: Proposed Loan and Technical Assistance Grant Nepal: Earthquake Emergency Assistance Project](#). Manila.

examination approach is expected to improve teaching and learning practices. Significant institutional and technical capacity will be developed while implementing these results.

8. **Output 3: Learning recovery accelerated.** Nepal imposed the longest full or partial school closures in the South Asia Region in 2020 and 2021 during the pandemic. While the closures did not lead to increased school dropouts, most students, particularly from public schools, could not participate in the offered alternative modes of learning, including online learning due to insufficient access to the internet and or digital devices, resulting in significant learning loss. Assessments undertaken during past two years indicate that there are significant differences in impact of the pandemic on learning loss depending on characteristics, like students' gender, place of residence, disadvantaged group membership, type of school attended, or disability, which are mostly determined by a family's socio-economic status.<sup>5</sup> Unless learning recovery and accelerated learning programs are implemented, the resulting learning loss will likely lead to increased inequality in learning outcomes. Hence, the output will focus on two-year recovery program by undertaking very focused activities as outlined on the Recovery and Accelerated Learning (ReAL) plan. The ReAL plan is under preparation and is expected to be approved by 2022 for implementation starting current academic year for grades 3–8.

9. Output 3 will continue to strengthen the digital content and usage for teaching and learning practices in schools while the government ensures the increased investment in expansion of the ICT infrastructure and connectivity in schools. The improvement on accessibility, relevance, and quality of e-resources in the *sikai chautari* ([online learning portal](#)) established during the pandemic, including teacher training will be key program result. These not only address the impact of COVID-19 pandemic but also prepare the education system for any future disruptions and help address the persistent low learning outcome including innovation on digital content and use. The study will be conducted through the attached TA to understand better the usability of the portal

10. **Output 4: Local governments' education planning, monitoring, and reporting improved.** The output will improve the institutional capacity for education service delivery in the federal system. In 2017, transformation from unitary to federal system commenced as per the Constitution of Nepal, including devolution of education functions to local government. The envisioned fiscal decentralization for education financing is work in progress.<sup>6</sup> The focus areas under this output is intended to mitigate system capacity risks to manage the program. Key priority results are (i) strengthening local government capacity in developing gender friendly, inclusive and disaster and climate resilient periodic education plan; (ii) improvement in financial and physical reporting system of the local governments, (iii) coordination with respective federal ministries and development partners to operationalize internal control system of local governments; (iv) improvement in the quality of social audit using GESI-responsive school report card, and reduction of audit observations of SESP expenditures; and (v) revision of the federal conditional education grant to make them more flexible and need-based as per the local government and school needs, with incentives for local governments to allocate additional resources to education. GESI-responsive education plan requires local governments to at least have consultation with a wide range of stakeholders to take their concerns into account. Further it is expected that the local governments also ensure the plans take disaster preparedness and climate adaptation measures. It is expected that the government enhanced GESI-responsive school report card to be used for social audit is expected to improve community engagement from all stakeholders for performance in school.

<sup>5</sup> UNICEF. 2021. [Continuing children's education in Nepal during the COVID-19 pandemic](#). New York.

<sup>6</sup> S. Gyawali, J. Claussen, and S. Risal. 2021. [An Assessment of Nepal's School Education Financing in a Federal System](#). ADB Brief No. 197.

11. This output results require high level and continuous coordination among the education sector stakeholders, like MOEST, and the stakeholders responsible for developing capacity of local governments in financial management, procurement, and audit, like the Ministry of Finance, Public Procurement Monitoring Office, the Financial Comptroller General Office, and the Ministry of Federal Affairs and General Administration, and the development partner supported programs supporting the reform of the local governments, especially the World Bank managed Public financial Management Reform Program (PFMRP) and the multi-donor supported Provincial and Local Governance Support Program (PLGSP). ADB is also preparing a program-based loan on improving devolved service delivery, which aims among others to strengthen planning and budgeting capacity and procurement capacity of local governments.

12. The RBL program has selected the right mix of indicators that are specific, measurable, achievable, relevant, time-bound, and transparent. The results areas are all geared towards enhancing the equity, quality, resilience, and governance of school education in federal structure, and are expected to contribute to the expected impact and outcomes of the program stated above. The program will benefit 7.1 million students, over 252,000 teachers, and more than 27,000 schools. The RBL is aligned with ADB's Strategy 2030 operational priorities: (i) addressing remaining poverty and reducing inequalities; (ii) accelerating progress in gender equality; (iii) tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability; and (iv) strengthening governance and institutional capacity. It contributes to pillar 2 (Improved access to devolved services) of ADB's Country Partnership Strategy for Nepal 2020–2024 and to Sustainable Development Goals 4, 5, and 10.<sup>7</sup> The design and monitoring framework is in Table 2.

**Table 2: Results-Based Lending Design and Monitoring Framework**

| <b>Impact of the Program is Aligned with</b><br>Competent and qualified citizens increased <sup>a</sup> |   |   |  |
|---|---|---|--|
| <b>Results Chain</b>  | <b>Performance Indicators with Targets and Baselines</b>  | <b>Data Sources and Reporting Mechanisms</b>  | <b>Risks and Critical Assumptions</b>  |
| <b>Outcome</b><br>Equity, quality, and resilience of school education strengthened                      | <p>By 2028:</p> <p>a. No. of students enrolled in science in grades 11–12 as a share of total enrollment increased—boys to 20.0%, girls to 14.0% (disaggregation by ethnic and economic background [Dalits and other DAGs] and disability)<sup>b</sup> (FY2022 baseline: 13.8% (boys: 16.9%, girls: 10.9%) (DLI 1i) (OP 1.1.1 and OP 2.2.1)</p> <p>b. Share of students with disabilities in basic education enrollment increased to 1.00% (boys: 1.12%, girls: 0.98%), (disaggregation by background).<sup>b</sup> (FY2022 baseline: 0.52%, male: 0.59%. female: 0.45%) (DLI 1 ii) (OP 1.1.1)</p> <p>c. Grade 3 students achieving minimum proficiency in reading and numeracy increased by 3 percentage</p> | <p>a. EMIS/National Examinations Board: annual consolidated status report</p> <p>b. EMIS annual consolidated status report</p> <p>c. Education Review Office: NARN report</p> | <p>R: Institutional capacity for sustained technical and program management to achieve SESP targets is weak because the transition to federalism is still in progress.</p> <p>A: Leveraging development partners' complementarity in achieving outcome and outputs in education sector-wide approach</p> |

<sup>7</sup> ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila; ADB. 2020. [Nepal: Country Strategy 2020-2024](#). Manila; and United Nations. 2015. [Sustainable Development Goals](#). New York.

| Results Chain  | Performance Indicators with Targets and Baselines   | Data Sources and Reporting Mechanisms  | Risks and Critical Assumptions  |
|--|---|--|---|
|  | <p>points (disaggregation by sex, background, and disability)<sup>b</sup> (Baseline to be established by 2025)<sup>c</sup> (DLI 2) (OP 1.1.1 and OP 6.2)</p> <p>d. Survival to grade 10 increased to 75.00% (boys: 74.59%, girls: 75.37%) (disaggregation by background and disability)<sup>b</sup> (FY2022 baseline: 66.14%, male: 65.77%, female: 66.51%) (OP 6.2)</p>  | <p>d. EMIS annual consolidated status report</p>   |   |
| <p><b>Outputs</b></p> <p>1. Learning provisions for basic and secondary schools enhanced</p> | <p>By 2027, for output indicators unless specified:</p> <p>1a. All secondary schools offering science subjects in grades 11–12 selected in the approved needs assessment plan have GESI-responsive<sup>d</sup> and disaster- and climate-resilient infrastructure (2022 baseline: 400 schools offer science subject in grades 11–12 [not meeting criteria]) (DLI 3) (OP 1.3.1, OP 2.5.2, and OP 3.2.5)</p> <p>1b. Revised pro-poor scholarship scheme for equal opportunity among students implemented nationwide in grades 6–12 (2022 baseline: pro-poor<sup>e</sup> scholarship implemented for grades 9–12) (DLI 4) (OP 1.1.3)</p> <p>1c. Number of teachers demonstrating improved knowledge of disability-inclusive education increased to 500 (disaggregation by sex, background, and disability)<sup>b</sup> (FY2022 baseline: 152 teachers)</p> | <p>1a–c. EMIS annual consolidated status report</p>  | <p>A: Availability of adequate numbers of students interested in enrolling in science in grades 11–12</p> <p>R: Lack of political will to rationalize existing multiple scholarships schemes may delay the approval of the pro-poor scholarship scheme</p> <p>R: Delays in enacting federal education bill will delay the creation of new permanent teacher positions, which may hamper adequate placement of sufficient subject teachers.</p> <p>A: Different federal, provincial, and local agencies continue to prioritize the expansion and improvement of rural internet connectivity.</p> |
| <p>2. Teaching and learning in basic and secondary schools strengthened</p>                  | <p>2a. Basic schools with full complement of math, science, and English subject teachers in grades 6–8 increased to 40% (2022 baseline: 25.8%) (DLI 5 i) (disaggregation by sex and background)<sup>b</sup></p> <p>2b. Secondary schools with full complement of math, science, and English subject teachers in grades 9–10 increased to 38% (2022 baseline: 21%) (DLI 5 ii) (disaggregation by sex and background)<sup>b</sup></p> <p>2c. Activities to improve foundational proficiencies in reading and numeracy for grades 1–3 implemented in all 753 local governments, covering at least 80% of schools in each local government, and at least 50% of beneficiaries are girls (2022 baseline: not applicable) (DLI 2)</p>   | <p>2a–b. EMIS annual consolidated status report</p> <p>2c, 2e, and 2f. MOEST annual status reports</p> | <p>R: Inability of federal level government to motivate local governments to allocate funds to education to meet the SESP expenditure framework</p> <p>R: Most local governments have weak internal control because they are without functional internal audit units, and the absence of public account committees also limits oversight.</p>   |

| Results Chain  | Performance Indicators with Targets and Baselines  | Data Sources and Reporting Mechanisms  | Risks and Critical Assumptions |
|--|--|--|--------------------------------|
|  | <p>2d. Evaluation of implementation of teacher mentoring systems endorsed and disseminated by MOEST (2022 baseline: not applicable) (DLI 6)</p> <p>2e. At least 80% of local governments conducting basic level examination for grade 8 by using the standardized test items (2022 baseline: not applicable) (DLI 7)</p> <p>2f. Framework for standardization of grade 12 examination approved by 2023 (2022 baseline: not applicable) (DLI 7)</p>   | <p>2d. MOEST evaluation report</p>   |                                |
| <p>3. Learning recovery accelerated</p>  | <p>3a. 150 local governments implementing activities as per the recovery and accelerated learning plan<sup>f</sup> in at least 80% schools by 2024 (2022 baseline: not applicable) (DLI 8)</p> <p>3b. E-resource materials developed for the online learning portal <i>Sikai Chautari</i> for at least grade 9–12 science and mathematics subjects are relevant, accessible, and quality-assured by 2025 (2022 baseline: not applicable) (DLI 9) (OP 3.2.2)</p> <p>Under Transaction TA [49424-002]</p> <p>3c. Study of the usability of the online learning portal <i>Sikai Chautari</i> from a GESI perspective completed and disseminated (2022 baseline: no study)</p> | <p>3a. EMIS annual consolidated status report</p> <p>3b. MOEST DLI achievement report verified by independent verification agency</p> <p>3c. Technical assistance report</p> |                                |
| <p>4. Local governments' education planning, monitoring, and reporting improved.</p>   | <p>4a. GESI-responsive,<sup>g</sup> and disaster- and climate-resilient local education plans approved by 753 local governments and uploaded on their websites (2022 baseline: not applicable) (DLI 10 i) (OP 3.2.4 and OP 6.2.2)</p> <p>4b. Schools using GESI-responsive<sup>h</sup> school report cards from EMIS for social audits increased to 95% (FY 2022 baseline: 42%) (DLI 10 ii)</p> <p>4c. Average percentage of recurring audit observations of SESP is no more than 5.0% of the total SESP expenditures for FY2024, FY2025, and FY2026 (FY2019 baseline: 6.4%)<sup>i</sup> (DLI 10 iii)</p>  | <p>4a–b. MOEST annual status reports</p> <p>4c. SESP audit reports calculation</p>   |                                |
| <p><b>Key Program Actions</b></p> <p><b>1. Learning provisions for basic and secondary schools enhanced</b></p> <p>1.1 Approve School Physical Facilities Development and Implementation Guideline (2022) [prior result DLI 3]</p> |  |  |                                |

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|---|
| <p>1.2 Local governments/districts endorses needs assessment plan for development of secondary schools that provide science education in grades 11–12 to improve equitable access endorsed by (2022) [prior result DLI 3]</p> <p>1.3 Complete school development plan preparation of all schools selected based on needs assessment plan, detailing the year-wise targets of science facilities to be improved in the selected schools (2022–2023)</p> <p>1.4 Local governments complete school upgrades and approval to offer science in grades 11–12 (2027)</p> <p>1.5 Approve pro-poor scholarship scheme guideline (2023)</p> <p>1.6 Implement pro-poor scholarship scheme for grades 6–12 (2023–2027)</p> <p>1.7 Complete training of resource teachers on disability-inclusive education (2022–2027)</p> <p><b>2. Teaching and learning in basic and secondary schools strengthened</b></p> <p>2.1 Update teacher deployment and rationalization plan annually to ensure equitable distribution of available permanent positions by local governments (2022–2027)</p> <p>2.2 Teacher grant through conditional grants to hire contractual teachers for basic and secondary schools provisioned in local governments annually (2022–2027)</p> <p>2.3 Develop supplemental learning materials in reading and numeracy for grades 1–3 (2022)</p> <p>2.4 Complete phase-wise selection of local governments for distribution of supplemental learning materials in reading and numeracy, teacher guides, and teacher training for grades 1–3 (2022)</p> <p>2.5 Revise teacher professional development framework (2022–2023)</p> <p>2.6 Approve standard operating procedure for teachers’ professional support through mentorship (2022–2023)</p> <p>2.7 Approve selection of local governments to implement professional support through mentorship (2022–2023)</p> <p>2.8 Train local governments on using standardized test items for basic level examination (2022–2027)</p> <p><b>3. Learning recovery accelerated</b></p> <p>3.1 Approve recovery and accelerated learning framework (2022) [prior result DLI 8]</p> <p>3.2 Implement catchup program (2023–2025)</p> <p>3.3 Continuously revise and update e-resources in <i>Sikai Chautari</i> revised and (2022–2027)</p> <p>3.4 Implement dissemination plan on the use of <i>Sikai Chautari</i> to schools and teachers (2022–2027)</p> <p>3.5 Complete the study on the usability of <i>Sikai Chautari</i> based on GESI and socioeconomic background (2024)</p> <p><b>4. Local governments’ education planning, monitoring, and reporting improved</b></p> <p>4.1 Prepare detailed institutional arrangements for the SESP (2022) [prior result DLI 10]</p> <p>4.2 Approve and disseminate guidelines for local governments on formulating periodic education plans (2023)</p> <p>4.3 Issue guidance for schools on using school report card generated by EMIS for social audit (2022)</p> <p>4.4 Develop annual work plan for audit settlement and review the work plan quarterly (2022–2027)</p> <p><b>Financing Plan</b></p> <p>Total program financing (2022–2027): \$3,583.10 million</p> <p>ADB: \$200.0 million (loan)</p> <p>Joint financing partners not administered by ADB: \$196.98 million (European Union: \$15.39 million, Government of Finland: \$7.51 million, Government of Norway: \$6.76 million, United Nations Children’s Fund: \$0.94 million, United States Agency for International Development: \$6.38 million, World Bank: \$160.00 million, inclusive of administration of Global Partnership for Education grant of \$60.00 million)</p> <p>Federal government: \$2,688.12 million</p> <p>Local level and provincial governments (estimate): \$498.00 million</p> |
|---|

A = assumption, ADB = Asian Development Bank, DAG = disadvantaged group, DLI = disbursement-linked indicator, EMIS = education information management system, FY=fiscal year, GESI = gender equality and social inclusion, MOEST = Ministry of Education, Science and Technology, NARN = National Assessment of Reading and Numeracy, NER = net enrollment rate, OP = operational priority, R = risk, SESP = School Education Sector Plan.

<sup>a</sup> Government of Nepal; Ministry of Education, Science and Technology. 2022. *School Education Sector Plan, 2022–2030*. Kathmandu.

<sup>b</sup> Disadvantaged groups are defined as those groups who historically have been unable to fully access and/or benefit from social, economic, and political rights, opportunities, and resources, including investments because of their identities i.e., disability, social identity, ethnicity (like Dalits), sexual orientation/gender identity, geographic location or income poor (systematic disadvantage); and/or because of their vulnerability such as age or migrant status (situational disadvantaged). Disaggregation by ethnic and economic background (Dalits and other DAGs) as well as disability is currently not reported in EMIS. The government will disaggregate and report from 2023 onwards.

<sup>c</sup> The Education Review Office is updating the framework for NARN in 2022–2023, based on which a new NARN will be conducted in 2023–2024. The baseline with disaggregation will be set by the midterm review.

<sup>d</sup> GESI-responsive includes at least sex-segregated toilets, menstrual hygiene facilities, ramp, and smart lighting.

<sup>e</sup> The existing pro-poor scholarship scheme for grades 9–12 provides a higher scholarship to girls belonging to the bottom three income quintiles, and to boys belonging to the bottom two income quintiles.

<sup>f</sup> Includes learning loss assessment to prepare individual learning plans to accommodate individual learning needs.

<sup>g</sup> GESI-responsive includes at least consultation with a wide range of stakeholders to take their concerns into account.

<sup>h</sup> GESI-responsive includes at least consultation with the community; with parent–teacher associations as part of the social audit process; and sex, DAG, and Dalit-disaggregated performance data on enrollment.

<sup>i</sup> Recurrent audit observations for FY2019 of the School Sector Development Plan are used as the baseline, as due to the very limited investments during the COVID-19 pandemic the recurrent audit observations in subsequent fiscal years are not an adequate baseline.

Source: Asian Development Bank.

## **B. Disbursement-Linked Indicators**

### **1. Description of Disbursement-Linked Indicators**

13. The joint disbursement-linked indicators (DLI) matrix of the JFPs is annex to the JFA. The DLIs for the RBL program are a logical and balanced mix of outputs, intermediate outcomes and outcomes. The allocation of ADB financing for each DLI is based on the significance of its achievement for the program outcome. A sizable amount is allocated to outcome level indicators (22.5%) given the RBL program aims to deepen reforms building upon the past sector interventions. The largest share (38.5%) is allocated to quality improvement related reform areas (DLIs 2, 5, 6, and 7). Three DLIs (1, 2 and 10) are tagged as GESI while DLIs 4, 9 and 10 are tagged as climate change adaptation.

14. DLI 1 includes two outcome targets focusing on promoting gender and social inclusion: proportional share of male and female student science enrollment in grades 11–12 for year 2 and year 4 and increased share of student with disability in basic education for the final year. DLI 2 includes a combination of output and outcome related to strengthening implementation of revised curriculum using integrated approach, improved assessment system for measuring early grade reading and numeracy, and increased proficiency of students for reading and numeracy over five years. DLI 3 under output 1 entails four results indicator to improve school physical facilities for teaching and learning of science in grades 11 and 12, spread as prior results, year 1, year 2 and year 5. DLI 4 focuses on undertaking critical reform in scholarships which has results for year 2 to 5.

15. DLI 5 under output 2 addresses shortage of subject teachers of Mathematics, Science and English in grades 6–10. The DLI will ensure that both federal and local government takes due consideration of qualified teachers at school level with incremental increase over five years. DLI 6 under output 2, spreading all five years, is a new intervention and a pilot to implement school-based teacher development through mentorship. The DLI is intended to re-instate the teacher support mechanism which was discontinued in SSDP as part restructuring of school education in federal context. DLI 7 is the continuation of the activities undertaken in examination reform for grade 8 in SSDP with additional results indicator for reforming examination system of grade 12. DLI 10 supports achieving output 4 and focuses at strengthening education planning and financial management capacity to deliver school education in federal context. The prior results represent 6% of ADB financing which are key actions to expedite results of subsequent years along with improved program management and coordination for monitoring and reporting. Partial disbursement is allowed for certain DLIs to continue momentum of reform.

16. The ADB DLI Matrix along with verification protocols is in table 3 and table 4 respectively. The independent verification agency (IVA) will be recruited by the government to verify the achievement of the DLIs as specified in the verification protocol. Indicative terms of reference of the IVA using lessons learned from the implementation of SSDP are in **Annex 2**.

**Table 3: Disbursement-Linked Indicators<sup>a</sup>**  
(as of 31 October 2022)

| DLIs   | Baseline Value and Year   | Target Values        |   |   |  |  |  |
|--|---|----------------------|---|---|--|--|--|
|  |   | Prior results (2022) | 2023 (Year 1)   | 2024 (Year 2)   | 2025 (Year 3)  | 2026 (Year 4)  | 2027 (Year 5)  |
| <b>Outcome: Equity, quality, and resilience of school education strengthened</b> |   |                      |   |   |  |  |  |
| DLI 1:<br>Inequities in access to basic and secondary education decreased        | (i) Proportion (share) of students enrolled in science in grades 11–12 in total enrollment is 16.90%(boys) and 10.90% (girls) (FY2022)<br><br>(ii) Proportion (share) of students with disabilities in total enrollment is 0.52% (FY2022) |                      |   | Proportion (share) of male and female students enrolled in science in grades 11–12 in total enrollment reaches at least 18% boys and 12% girls  |  | Proportion (share) of male and female students enrolled in science in grades 11 and 12 in total enrollment reaches at least 20% boys and 14% girls   | Proportion (share) of students with disabilities in total enrollment in basic education is at least 1.0%   |
| DLI 2:<br>Improved proficiency in reading and numeracy of grade 3 students       | (i) New Intervention: New curriculum for grades 1-3 using integrated approach approved (2020)<br><br>(ii) New Intervention: Framework for NARN not updated.   |                      | (i) At least 100 Local Governments implement activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum basic level 1–3 in at least 80% of the schools<br><br>(ii) NARN framework approved | (i) At least additional 200 Local Governments implement activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum basic level 1–3 in at least 80% of the schools<br><br>(ii) NARN conducted and baseline in reading and numeracy proficiency established with disaggregation by gender, students with | (i) At least additional 200 Local Governments implement activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum basic level 1–3 in at least 80% of the schools | (i) At least additional 100 Local Governments implement activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum basic level 1–3 in at least 80% of the schools | (i) At least additional 153 Local governments implement activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum basic level 1–3 in at least 80% of the schools<br><br>(ii) NARN conducted and three percentage |

| DLIs  | Baseline Value and Year  | Target Values   |  |   |               |               |   |
|---|--|---|--|---|---------------|---------------|---|
|   |  | Prior results (2022)  | 2023 (Year 1)  | 2024 (Year 2)   | 2025 (Year 3) | 2026 (Year 4) | 2027 (Year 5)   |
|   |  |   |  | disability, disadvantage group, and Dalits  |               |               | point improvement over Year 2 for total students reading and numeracy proficiency   |
| <b>Output 1: Learning provisions for basic and secondary schools enhanced</b>                   |  |   |  |   |               |               |   |
| DLI 3: Improved facilities for equitable development of secondary schools for science education | (i) Existing school construction guidelines inadequate to undertake comprehensive, resilient and climate-friendly school facility improvement and multiyear construction works<br><br>(ii) All 753 Local Governments do not have provision and facilities for teaching science in grades 11–12 | 'School Physical Facilities Development and Implementation Guideline' approved and the needs assessment for development of secondary schools with provision of science in grades 11–12 to enhance equitable access in local governments/districts completed in consultation with local governments and provinces. | School development plan prepared for at least 50% of secondary schools to upgrade their facilities for improved teaching-learning of science subjects in grades 9–12 as per the needs assessment | School development plan prepared for 100% secondary schools to upgrade their facilities for improved teaching-learning of science subjects in grades 9–12 as per the needs assessment |               |               | Development of science facilities in the selected schools as per the school development plans prepared for Years 1 and 2, completed |

| DLIs  | Baseline Value and Year  | Target Values        |  |  |  |  |  |
|---|--|----------------------|--|--|--|--|--|
|   |  | Prior results (2022) | 2023 (Year 1)  | 2024 (Year 2)  | 2025 (Year 3)  | 2026 (Year 4)  | 2027 (Year 5)  |
| DLI 4: Revision of the pro-poor scholarship scheme to ensure equal opportunity to students in basic and secondary education | Pro-poor scholarship for secondary education 9–12 implemented  |                      |  | Revised Implementation Standards for pro-poor scholarship, at least covering grades 6–12, approved by MOEST  | Nationwide implementation of pro-poor scholarships for grades 8–12   | Nationwide implementation of pro-poor scholarships for grades 7–12   | Nationwide implementation of pro-poor scholarship in grades 6–12   |
| <b>Output 2: Teaching and learning in basic and secondary schools strengthened</b>  |  |                      |  |  |  |  |  |
| DLI 5: Placement of qualified science, mathematics, and English teachers in schools for grades 6-10 improved                | Proportion of basic schools that have full complement of math, science and English subject teachers in grades 6–8 is 25.8% and proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9–10 is 20.0%. (FY2022) |                      | Proportion of basic schools that have full complement of math, science and English subject teachers in grades 6–8 in total number of basic schools increased to at least 28.0% and proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9–10 is 24.0% | Proportion of basic schools that have full complement of math, science and English subject teachers in grades 6-8 in total number of basic schools increased to at least 31.0% and proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9–10 is increased to at least 27.0% | Proportion of basic schools that have full complement of math, science and English subject teachers in grades 6-8 in total number of basic schools increased to at least 34.0% and proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9–10 is increased at least to 30.0% | Proportion of basic schools that have full complement of math, science and English subject teachers in grades 6–8 in total number of basic schools increased to at least 37.0% and proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9–10 is increased at least to 34.0% | Proportion of basic schools that have full complement of math, science and English subject teachers in grades 6-8 in total number of basic schools increased to at least 40.0% and proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9-10 is increased at least to 38.0% |
| DLI 6: School-based teacher professional support through mentorship   | New Intervention   |                      | Teacher Professional Development framework updated, consulted with all stakeholders, and approved by   | 50 Local Governments implement pilot mentoring system at basic education in at least 80% of the schools using SOP  | Additional 100 Local Governments implement the pilot mentoring system at basic education in at least 80% of the schools using SOP  | Additional 100 Local Governments implement the pilot mentoring system at basic education in at least 80% of the schools using SOP  | Evaluation on implementation of the pilot mentoring system endorsed and disseminated by MOEST  |

| DLIs   | Baseline Value and Year  | Target Values        |  |   |   |  |   |
|--|--|----------------------|--|---|---|--|---|
|  |  | Prior results (2022) | 2023 (Year 1)  | 2024 (Year 2)   | 2025 (Year 3)   | 2026 (Year 4)  | 2027 (Year 5)   |
| piloted in local governments                   |  |                      | MOEST and Standard Operating Procedures (SOP) for implementation of Pilot teacher mentoring system in Local Governments approved by MOEST  |   |   |  |   |
| DLI 7: Examination strengthened                | (i) Framework for conducting Basic Level Examination (BLE) by using standardized test items approved, development of test items completed for grade 8 (FY2022)<br><br>(ii) National assessment framework for grade 12 not in place |                      | (i) All 753 Local Governments (a) have access to an item bank of standardized test items for BLE, and (b) have staff trained on using standardized test items for BLE.<br><br>(ii) National assessment framework for grade 12 approved | (i) At least 20% of Local Governments conducting BLE by using the standardized test items | (ii) Standardization test items developed for grade 12 external public examination using the approved national assessment framework | (i) At least 60 % of Local Governments conducting BLE by using the standardized test items | (i) At least 80% of Local Governments conducting BLE by using the standardized test items<br><br>(ii) Standardization test items piloted for grade 12 external public examination |
| <b>Output 3: Learning recovery accelerated</b> |  |                      |  |   |   |  |   |

| DLIs   | Baseline Value and Year  | Target Values   |   |  |  |   |   |
|--|--|---|---|--|--|---|---|
|  |  | Prior results (2022)  | 2023 (Year 1)   | 2024 (Year 2)  | 2025 (Year 3)  | 2026 (Year 4)   | 2027 (Year 5)   |
| DLI 8: Recovery and Accelerated Learning (ReAL) implemented to mitigate the learning loss resulting from COVID-19 pandemic       | New intervention   | ReAL plan approved by MOEST   | 50 Local Governments implementing activities as per ReAL plan in at least 80% of the schools                  | Additional 100 Local Governments implementing activities as per the ReAL plan in at least 80% of the schools                       |  |   |   |
| DLI 9: Improvement on accessibility, relevancy, and quality of e-resources in the <i>Sikai Chautari</i> (online learning portal) | Online portal established  |   | (i) Strategic roadmap for upgrading content for the online learning portal ' <i>Sikai Chautari</i> ' approved |  | (i) E-resource materials developed for the online learning portal ' <i>Sikai Chautari</i> ' for grade 9–12 Science and Mathematics subjects which are relevant, accessible and quality-assured as per the strategic roadmap<br><br>(ii) Training/orientation to at least two teachers of 7,000 schools for using the online portal completed | (i) At least 15,000 schools are accessing the online learning portal ' <i>Sikai Chautari</i> '<br><br>(ii) Training/orientation to at least two teachers of 8,000 schools for using the online portal completed | (i) At least additional 4,000 schools are accessing the online learning portal ' <i>Sikai Chautari</i> '<br><br>(ii) Training/orientation to at least two teachers of 4,000 schools for using the online portal completed |
| <b>Output 4: Local governments' education planning, monitoring, and reporting improved</b>                                       |  |   |   |  |  |   |   |
| DLI 10: Education planning, budgeting, and reporting in federal  | (i) No local government education plans<br><br>(ii) 42% of schools use | Institutional arrangements for SESP formalized for program management | (i) Guidelines for the formulation of GESI-responsive and disaster and climate-resilient local government     | (i) 40% of the 753 Local Governments (i.e., 301) approved GESI-responsive and disaster and climate-resilient local education plans | (i) 75% of the 753 Local Governments (i.e., 565) GESI-responsive and disaster and climate-resilient local  | (i) All 753 Local Governments have approved GESI-responsive, and disaster and climate-resilient local   | (iii) Average percentage of recurring audit observations of SESP no more than 5.0% of the total   |

| DLIs               | Baseline Value and Year  | Target Values                                |  |   |  |  |   |
|--------------------|--|--|--|---|--|--|---|
|                    |  | Prior results (2022)                         | 2023 (Year 1)  | 2024 (Year 2)   | 2025 (Year 3)  | 2026 (Year 4)  | 2027 (Year 5)                                   |
| structure improved | <p>school report cards generated from EMIS are used in Social Audits</p> <p>(iii) Percentage of recurring audit observations SSDP was 6.4% of the total SSDP expenditures for FY2019</p> | , coordination, communication, and reporting | <p>periodic education plan approved and disseminated to the Local Governments</p> <p>(ii) GESI-responsive School report cards from EMIS used in social audits in at least 80% of schools</p> | <p>approved and uploaded on their website</p> <p>(iii) Percentage of recurring audit observations of SESP no more than 5.0% of the total SESP expenditures for FY2023</p> | education plans approved and uploaded on their website | <p>education plans approved and uploaded on their website</p> <p>(ii) GESI-responsive School report cards from EMIS used in social audits in at least 90% of schools to improve school performance</p> | SESP expenditures for FY2024, FY2025 and FY2026 |

BLE = Basic Level Education, DLI = disbursement-linked indicators, EMIS = Education management Information System MOEST = Ministry of Education, Science, and Technology; NARN = National assessment for Reading and Numeracy, ReAL= Recovery and Accelerated Learning, SESP = School Education Sector Plan, SSDP = School Sector Development Plan.

Source: Asian Development Bank; Ministry of Education, Science and Technology of Nepal; and the World Bank.

### C. Disbursement-Linked Indicator Verification Protocols

**Table 4: Verification Protocols**

| DLIs  | Definition and Description of Achievement  | Information Source and Frequency  | Verification Agency and Procedure   | Disbursement Formula   |
|---|--|---|---|--|
| <b>DLI 1: Inequities in access to basic and secondary education decreased</b>   |  |   |   |  |
| <p><b>2024 (Year 2):</b> Proportion (share) of students enrolled in science subjects in Grade 11 and 12 in total enrollment reaches at least t 18% Boys and 12% Girls</p> <p><b>2026 (Year 4):</b> Proportion (share) of students enrolled in science subjects in Grade 11 and 12 in total enrollment reaches at least 20% Boys and 14% Girls</p> <p><b>2027 (Year 5)</b> Proportion(share) of students with disabilities in total enrollment in basic education is at least 1.0%</p> | <p><b>Year 2 and year 4.</b> Proportion (share) of students enrolled in science subjects in Grade 11 and 12 in total enrollment t refers to ratio of students enrolled in science in grade 11 and 12 both in community and in institutional schools to the total number of enrolled boys and girls in grade 11 and 12 in the said schools</p> <p><b>Year 2 and year 4.</b> DLI is achieved when proportion share of boys and girls enrolled in science subjects in grade 11 and 12 in total enrollment for year 2 and Year 4 reaches the target percentage</p> <p><b>Year 5.</b> Students with disabilities means students in basic education who have (i) physical disability, (ii) disability related to vision, (iii) disability related to hearing, (iv) deaf-blind, (v) disability related to voice and speech, (vi) mental or psycho-social disability, (vii) intellectual disability, (viii) disability associated with hemophilia, (ix) disability associated with autism, or (x) multiple disability, as defined in Schedule to the Act Relating to Rights of Persons with Disabilities, 2074 (2017)</p> <p><b>Year 5.</b> DLI is achieved when the proportion of students with</p> | <p><b>Year 2 and year 4.</b> The consolidated status report for the specified year generated from the EMIS</p> <p><b>Year 5.</b> The consolidated status report for the specified year generated from the EMIS with disaggregation by male and female</p> | <p><b>Year 2 and year 4.</b> The MOEST submits evidence of the achievement as reported in the annual progress report derived from the EMIS. The IVA will verify the achievement based on the report generated from EMIS with data disaggregated for male and female and will include a spot-check in the field, as needed, to assess the quality of data collection</p> <p><b>Year 5.</b> The MOEST submits evidence of the achievement as reported in the annual progress report derived from the EMIS</p> <p>The IVA will verify the achievement based on the report generated from EMIS with data disaggregated for boys and girls and have a spot-check in the field with interviews with Local Governments and schools, to assess the quality of data collection</p> | <p><b>Year 2 and year 4</b></p> <p>Targets for both male and female need to be met for full disbursement. Partial disbursement of 50% allowed if the target for female only is met. No disbursement will be made if the target for male is met but for female is not met</p> |

| DLIs  | Definition and Description of Achievement   | Information Source and Frequency  | Verification Agency and Procedure   | Disbursement Formula  |
|---|---|---|---|---|
|   | disabilities in the total number of enrolled students in basic education for year 5 reaches the target percentage   |   |   |   |
| <b>DLI 2: Improved proficiency in reading and numeracy of grade 3 students</b>  |   |   |   |   |
| <p><b>2023 Year 1 (i)</b> At least 100 Local Governments implement activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum basic level 1–3 in at least 80% of the schools</p> <p><b>2024 Year 2 (i)</b> At least additional 200 Local Governments implement activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum basic level 1-3 in at least 80% of the schools</p> <p><b>2025 Year 3 (i)</b> At least additional 200 Local Governments implement activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum basic level 1-3 in at least 80% of the schools</p> <p><b>2026 Year 4 (i)</b> At least additional 100 Local Governments implement activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum basic level 1-3 in at least 80% of the schools</p> <p><b>2027 Year 5 (i)</b> At least additional 153 Local Governments implement activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum basic level 1-3 in at least 80% of the schools</p> <p><b>2023 Year 1 (ii)</b> NARN framework approved</p> <p><b>2024 Year 2 (ii)</b> NARN conducted and baseline in reading and numeracy proficiency established with disaggregation by gender, students with disability, disadvantage group, and Dalits</p> | <p><b>2023 Year 1 (i), 2024 Year 2 (i), 2025 Year 3 (i), 2026 Year 4 (i) and 2027 Year 5 (i)</b> The activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum basic level 1–3 means:</p> <p>(i) to provide hard copies of the additional learning materials (in addition to the student textbooks cum workbooks for grades 1–3) in the areas of reading and numeracy prescribed by the CDC to the schools of the respective Local Governments and upload digital copies in the CDC website;</p> <p>(ii) to make at least accessible to teachers during training period teacher guides to teach the student textbooks cum workbooks to implement the curriculum basic level 1–3, and</p> <p>(iii) to conduct at least 5-days training, including on the use of additional learning materials, covering at least one teacher per school and to ensure that the trained teacher</p> | <p>CEHRD will collect information from the local governments and consolidate the reports for <b>2023 Year 1 (i), 2024 Year 2 (i), 2025 Year 3 (i), 2026 Year 4 (i) and 2027 Year 5 (i)</b></p> <p><b>2023 Year 1 (ii), 2024 Year 2 (ii) and 2027 Year 5 (ii)</b><br/><b>NARN- ERO</b></p> | <p><b>2023 Year 1 (i), 2024 Year 2 (i), 2025 Year 3 (i), 2026 Year 4 (i) and 2027 Year 5 (i)</b> achievement report for specified year will include:</p> <p>(i) A list of Local Governments and names of at least 80% of the schools with grades where the activities defined above are implemented. (For Local Governments who started implementation in earlier year(s) a sample-based confirmation that implementation is continuing is to be added);</p> <p>(ii) Details/data as evidence of implementation of each of the three components of the activities as defined</p> <p><b>2023 Year 1 (i), 2024 Year 2 (i), 2025 Year 3 (i), 2026 Year 4 (i) and</b></p> | <p><b>2023 Year 1 (i), 2024 Year 2 (i), 2025 Year 3 (i), 2026 Year 4 (i) and 2027 Year 5 (i)</b><br/><b>Scalability and roll over</b> the threshold for each year to be eligible for partial disbursement is reaching at least 60% of the target number of Local Governments implementing all three components of the activities defined above. Disbursement can be proportional to the results achieved (e.g., if 60 Local Governments have implemented the required activities for Year 1, 60% of</p> |

| DLIs   | Definition and Description of Achievement   | Information Source and Frequency | Verification Agency and Procedure  | Disbursement Formula  |
|--|---|----------------------------------|--|---|
| <p><b>2027 Year 5 (ii)</b> NARN conducted and three percentage point improvement over Year 2 for total students reading and numeracy proficiency</p> | <p>conducts a sharing session in his/her own school to other teachers</p> <p><b>2023 Year 1 (i), 2024 Year 2 (i), 2025 Year 3 (i), 2026 Year 4 (i) and 2027 Year 5 (i)</b> DLI is achieved when the target number of Local Governments have implemented the activities defined above in at least 80% of schools within the jurisdiction of the respective local governments</p> <p><b>2023 Year 1 (ii), 2024 Year 2 (ii) and 2027 Year 5 (ii)</b> a NARN refers to assessment of reading and numeracy proficiencies of grade 3 students conducted by the Education Review Office (ERO) on a nationally representative sample basis</p> <p><b>2023 Year 1(ii):</b> The NARN framework will define the processes to be undertaken, including development of test items, pretesting of items, establishment of proficiency benchmarks etc. This DLI is achieved when MOEST submits the approved NARN framework. IVA will verify the achievement based on desk review and interviews with ERO and MOEST/CEHRD</p> <p><b>2024 Year 2 (ii):</b> The NARN report will confirm the assessment was conducted as per the NARN framework and present the results</p> |                                  | <p><b>2027 Year 5 (i) DLIs</b><br/>IVA will verify the achievement by (i) desk review of achievement report/data submitted by MOEST and relevant secondary documents/reports (ii) interviews with relevant stakeholders (iii) field visits/survey on sample basis of Local Governments (randomly selected by IVA)</p> <p><b>2023 Year 1 (ii), 2024 Year 2 (ii) and 2027 Year 5 (ii)</b> IVA will verify the achievement based on desk review and interviews with ERO and MOEST/CEHRD</p> | <p>planned DLI disbursement amount for Year can be disbursed).</p> <p><b>2023 Year 1 (ii), 2024 Year 2 (ii) and 2027 Year 5 (ii)</b></p> <p>The targets for each year if not achieved within a specified year can be achieve the following year except for year 5</p> |

| DLIs  | Definition and Description of Achievement  | Information Source and Frequency  | Verification Agency and Procedure   | Disbursement Formula   |
|---|--|---|---|--|
|   | <p>and establish the baseline for proportion of students (boys and girls respectively) that have achieved minimum competencies for numeracy and literacy of all students. Further disaggregation for Disadvantaged groups, Dalits and Students with disabilities will be added as appropriate. This DLI is achieved when NARN is conducted with baseline data established, and MOEST submits the endorsed report. IVA will verify the achievement based on desk review and interviews with ERO and MOEST/CEHRD</p> <p><b>2027 Year 5 (ii):</b> This DLI is achieved when MOEST's report confirming achievement of the target has been verified by IVA based on desk review and interviews with ERO and MOEST/CEHRD</p> |   |   |  |
| <b>DLI 3: Improved facilities for equitable development of secondary schools for science education</b>  |  |   |   |  |
| <p><b>2022 Prior Results</b> 'School Physical Facilities Development and Implementation Guideline' approved and needs assessment for development of secondary schools with provision of science in grades 11-12 to enhance equitable access in local governments/districts in consultation with local governments and provinces completed</p> <p><b>2023 Year 1</b> School development plan prepared for at least 50% of secondary schools to upgrade their facilities for improved teaching-learning of science subjects in grades 9–12 as per the needs assessment</p> <p><b>2024 Year 2</b><br/>School development plan prepared for 100% secondary schools to upgrade their facilities for improved teaching-</p> | <p><b>2022 Prior Results</b><br/>School Physical Facilities Development and Implementation Guideline at least includes guidance to Local Governments and schools on planning for school-wise infrastructure improvement based on school mapping, minimum standards for school facilities, school upgrading needs, and standard costing approaches for development and maintenance; and construction management (including progress reporting and</p>   | <p><b>2022 Prior Results</b><br/>MOEST Submission of a letter comprising the approved guidelines</p> <p><b>2023 Year 1 and 2024 Year 2</b><br/>MOEST Submission of progress report from the local governments</p> <p><b>2027 Year 5</b></p> | <p><b>2022 Prior Results (i)</b><br/>IVA will verify the achievement by (a) Desk review, (b) interviews with key stakeholders in CEHRD, MOEST, (c) sample interviews with Local Governments if guidelines were received and need assessment consulted</p> <p><b>2023 Year 1 and 2024 Year 2</b></p> | <p><b>2023 Year 1 and 2024 Year 2</b> DLI is scalable and partial disbursement is allowed, if at least 50% [of the target percentage] is achieved. Disbursement can be proportional to the share of achievement.</p> |

| DLIs   | Definition and Description of Achievement   | Information Source and Frequency   | Verification Agency and Procedure   | Disbursement Formula   |
|--|---|--|---|--|
| <p>learning of science subjects in grades 9–12 as per the needs assessment</p> <p><b>2027 Year 5</b> Development of science facilities in the selected schools as per the school development plans prepared for Years 1 and 2, completed</p> | <p>certification of work completion), construction requirements (resilient, green, and inclusive [child, gender and disable friendly] designs); safeguards compliance; financial management, procurement, and maintenance and; needs assessment for development of secondary school MOEST/CEHRD in consultation with Local Governments and Provinces and include the plan to upgrade secondary schools nationwide to ensure students from all Local Governments will have access to science subjects in grade 11–12</p> <p>The DLI is achieved when MOEST submits a cover letter (a) confirming that the School Physical Facilities Development and Implementation Guideline was approved by MOEST which is disseminated to the Local Governments, with a copy of the actual guideline and (b) confirming that the needs assessment which was consulted with Local Governments and Provinces, with a copy of the actual needs assessment</p> <p><b>2023 Year 1 and 2024 Year 2</b><br/>Improved facilities for teaching-learning of science subjects in grades 9–12 includes at least (i) construction of separate laboratories for physics, chemistry and biology subjects, (ii) provision of adequate equipment and materials in the respective</p> | <p>MOEST compilation of the progress report from the local governments</p> | <p>IVA will verify the achievement by (i) Desk Review; (ii) Interviews with selected Local Governments and schools</p> <p><b>2027 Year 5</b><br/>IVA will verify the achievement by (i) Desk review and (ii) Selected school-visits to confirm facilities and teachers are in place</p> | <p>[(e.g., if 50% of secondary schools have prepared the required masterplan for Year 1, 50% of planned DLI disbursement amount for Year 1 can be disbursed)].</p> <p><b>2027 Year 5</b><br/>DLI is scalable and partial disbursement is allowed, if at least 50% [of the number of schools completed teacher placement and infrastructure provision as per the master plan] is achieved. Disbursement can be proportional to the share of achievement</p> |

| DLIs | Definition and Description of Achievement  | Information Source and Frequency | Verification Agency and Procedure | Disbursement Formula |
|------|--|----------------------------------|-----------------------------------|----------------------|
|      | <p>laboratories as per the revised 'School Physical Facilities development and Implementation Guideline' and (iii) provision of adequate subject teachers for science subjects</p> <p>School development plan of a school will include (i) drawing of available school physical infrastructures within its existing land; (ii) GESI friendly, disaster and climate-resilient school improvement plan for five years which will at least include detailed plans to construct or retrofit of school buildings, like classrooms, science laboratories, water and sanitation facilities and library and detailed plans to provide ICT facilities with adequate internet connectivity; and (iii) detailed plan for placement of science teachers and for planned enrollment of students in science subjects for Grade 11</p> <p><b>2023 Year 1 and 2024 Year 2</b><br/>DLI is achieved when proportion of secondary schools which have prepared school development plan for facilities for improved teacher-learning of science subjects in grades 9–12 in the total number of secondary schools identified in the needs assessment reaches the target percentage, and MOEST submits Local Government-wise list and School development plans of the selected schools at least detailing the year-wise targets of science facilities to be</p> |                                  |                                   |                      |

| DLIs   | Definition and Description of Achievement  | Information Source and Frequency   | Verification Agency and Procedure   | Disbursement Formula   |
|--|--|--|---|--|
|  | <p>constructed/renovated/improved and subject teachers placed in the selected schools, in line with the number of secondary schools identified as per the needs assessment</p> <p><b>2027 Year 5</b> This DLI is achieved when science facilities in the selected schools as per the school development plans prepared for Year 1 and Year 2 are constructed, renovated, and/or improved, and MOEST submits the list of all secondary schools as per the needs assessment, with completed facilities for teaching-learning of science subjects in grades 9–12, including completed physical facilities and provision of science subjects and subject teachers in grades 11–12 as per subject teacher placement norms</p> |  |   |  |
| <b>DLI 4: Revision of the pro-poor scholarship scheme to ensure equal opportunity to students in basic and secondary education</b>   |  |  |   |  |
| <p><b>2024 Year 2</b> Revised Implementation Standards (IS) for pro-poor scholarship which will contain a scholarships scheme providing equal opportunities to all students, at least covering Grades 6-12, approved by MOEST</p> <p><b>2025 Year 3</b> Nationwide implementation of pro-poor scholarships for Grades 8-12 in line with revised IS</p> <p><b>2026 Year 4</b> Nationwide implementation of pro-poor scholarships for Grades 7-12 in line with revised IS</p> <p><b>2027 Year 5</b><br/>Nationwide implementation of pro-poor scholarship in grades 6–12 in line with revised IS</p> | <p><b>2024 Year 2</b><br/>The Revised IS on pro-poor scholarships refers to the MOEST Guideline that includes, at a minimum, revised and updated criteria for student eligibility to the scholarship scheme including the provision of eligibility for students from grades 6–12, in place of the current grades 9-12.<br/>The revised criteria for the scholarship scheme will be widely consulted and the scheme will at least include (i) an implementation arrangement which empowers the Local Governments to implement the scheme for grades 6-12 and</p>  | <p><b>2024 Year 2</b> MOEST submission of the report</p> <p><b>2025 Year 3, 2026 Year 4 and 2027 Year 5</b><br/>MOEST submission of the report</p> | <p><b>2024 Year 2</b> The IVA will verify the achievement through desk review and interviews with MOEST, CEHRD, and select representatives of stakeholders consulted</p> <p><b>2025 Year 3, 2026 Year 4 and 2027 Year 5</b><br/>The IVA will verify the achievement based on desk review and interviews with MOEST/CEHRD, a subset of</p> | <p><b>2024 Year 2, 2025 Year 3, 2026 Year 4 and 2027 Year 5</b><br/>The targets for each year if not achieved within a specified year can be achieved the following year except for year 5</p> |

| DLIs   | Definition and Description of Achievement  | Information Source and Frequency  | Verification Agency and Procedure  | Disbursement Formula   |
|--|--|---|--|--|
|  | <p>(ii) a comprehensive and practical targeting mechanism, which does justice to the different needs of different groups, so equal opportunity is provided to all</p> <p>This DLI is achieved when the MOEST submits the achievement report including the approved IS with the revised provisions and a short overview of the consultation process attached</p> <p><b>2025 Year 3, 2026 Year 4 and 2027 Year 5</b><br/> Nationwide implementation of pro-poor scholarships refers to provision of the opportunity for the targeted grade students to participate in the scheme as per the revised IS including requirements for dissemination of the scheme to the targeted grades and implementation arrangements for selection and scholarship distribution are in place in all local governments. This DLI is achieved when MOEST submits an achievement report with details on nationwide Implementation or pro-poor scholarships roll-out</p> |   | Local Governments, and beneficiaries selected by IVA   |  |
| <b>DLI 5: Placement of qualified science, mathematics, and English teachers in schools for grades 6-10 improved</b>  |  |   |  |  |
| <p><b>2023 Year 1</b><br/> Proportion of basic schools that have full complement of math, science, and English subject teachers in grades 6–8 in total number of basic schools increased to at least 28.0% and proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9–10 is 24.0%</p> | <p><b>2023 Year 1, 2024 Year 2, 2025 Year 3, 2026 Year 4 and 2027 year 5</b><br/> Schools that have full complement of math, science and English subject teachers means that schools in which the number of math, science and English teachers is deployed in</p>  | <p><b>2023 Year 1, 2024 Year 2, 2025 Year 3, 2026 Year 4 and 2027 year 5</b><br/> Consolidated annual status report generated from EMIS with cross verification from NEB data</p> | <p><b>2023 Year 1, 2024 Year 2, 2025 Year 3, 2026 Year 4 and 2027 year 5</b><br/> The IVA will verify the achievement of the data by a desk review of the report and have a sample basis field</p> | <p><b>2023 Year 1, 2024 Year 2, 2025 Year 3, 2026 Year 4 and 2027 year 5</b><br/> Partial achievement is allowed, 50% of</p> |

| DLIs  | Definition and Description of Achievement   | Information Source and Frequency  | Verification Agency and Procedure  | Disbursement Formula   |
|---|---|---|--|--|
| <p><b>2024 Year 2.</b> Proportion of basic schools that have full complement of math, science, and English subject teachers in grades 6-8 in total number of basic schools increased to at least 31.0 and proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9–10 is 27.0%</p> <p><b>2025 Year 3</b> Proportion of basic schools that have full complement of math, science, and English subject teachers in grades 6-8 in total number of basic schools increased to at least 34.0% and proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9-10 is 30.0%</p> <p><b>2026 Year 4</b> Proportion of basic schools that have full complement of math, science, and English subject teachers in grades 6-8 in total number of basic schools increased to at least 37.0% and proportion of secondary schools that have full complement of math, science, and English subject teachers in grades 9-10 is 34.0%</p> <p><b>2027 Year 5</b> proportion of basic schools that have full complement of math, science and English subject teachers in grades 6-8 in total number of basic schools increased to at least 40.0% and proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9-10 is 34.0%</p> | <p>accordance with the existing Education regulations and student teacher ratio norms. [If a teacher teaches both at basic and secondary levels in the same school, he/she can be counted for both levels.]</p> <p><b>2023 Year 1, 2024 Year 2, 2025 Year 3 ,2026 Year 4 and 2027 year 5</b><br/>DLI is achieved when both the proportion of basic schools and the proportion of secondary schools that have full complement of math, science, and English for grades 6-8 and grades 9-10 respectively in the total number of basic and secondary schools reach the target percentages. MOEST submits an annual achievement report confirming achievement of the DLI targets, specifying achievements for grades 6-8 and grades 9–10 achievements</p> |   | verification to assess quality of data entered   | DLI allocation amount for each year can be disbursed if either target percentage for basic schools or secondary schools is achieved  |
| <b>DLI 6: School-based teacher professional support through mentorship piloted in local governments</b>   |   |   |  |  |
| <p><b>2023 Year 1</b><br/>Teacher Professional Development framework updated, consulted with all stakeholders, and approved by MOEST and Standard Operating Procedures (SOP) for implementation of piloting of teacher mentoring system at Local Government level approved by MOEST</p> <p><b>2024 Year 2</b></p>   | <p><b>2023 Year 1</b><br/>The updated Teacher Professional Development (TPD) framework will at least describe the mentoring system including the (i) roles and responsibilities of three tiers of government; (ii) required capacity building and selection criteria for mentors and mentees/teachers; and (iii) local government teacher</p>   | <p><b>2023 Year 1</b><br/>MOEST submit a report including the description of the updated TPD framework and SOP for mentoring; and approved updated TPD framework and SOP for mentoring as</p> | <p><b>2023 Year 1</b><br/>The IVA will verify the achievement by (i) desk review of achievement report/data submitted by MOEST and framework/SOP/relevant documents and (ii) interviews with MOEST/CEHRD</p> | <p><b>2023 Year 1</b><br/>Full payment meeting both.<br/><b>2024 Year 2, 2025 Year 3 and 2026 Year 4</b><br/><b>Scalability</b> The threshold for each year to be eligible for</p> |

| DLIs  | Definition and Description of Achievement   | Information Source and Frequency   | Verification Agency and Procedure   | Disbursement Formula   |
|---|---|--|---|--|
| <p>50 Local Governments implementing piloting of the mentoring system at basic education in at least 80% of the schools using SOP</p> <p><b>2025 Year 3</b><br/>Additional 100 Local Governments implementing piloting of the mentoring system at basic education in at least 80% of the schools using SOP</p> <p><b>2026 Year 4</b><br/>Additional 100 Local Governments implementing piloting of the mentoring system at basic education in at least 80% of the schools using SOP</p> <p><b>2027 Year 5</b> Evaluation on implementation of pilot mentoring system endorsed and disseminated by MOEST</p> | <p>professional support system, for this mentoring system<br/>The SOP will be a handbook for the implementation of the piloting mentoring system at least comprising of: (i) the structured mentor process (including mentor-mentee/teacher ratio), (ii) mentor and mentee/teacher selection, including qualification criteria for both mentee/teacher and mentor, (iii) expected mentoring time per mentee/teacher per month, (iv) mentoring tools and their manuals (including a mechanism for classroom observation and protocol for mentoring sessions), (v) mentor training and mentee orientation process; and (vi) reference material (including to trainings).<br/>Preparation of SOP will involve the translation and contextualization of the TEACH tool<sup>a</sup> (or a comparable observation tool), the development and contextualization of modules for training of mentors and mentee orientation, and digitization of the teach tool, including a dashboard.</p> <p>This DLI is achieved when the updated Teacher Professional Development framework and the SOP for implementation of teacher mentoring system at local level are prepared as per the above requirements and approved by MOEST</p> <p><b>2024 Year 2</b><br/>This DLI is achieved when at least 50 Local Governments implement</p> | <p>annex/supporting document<br/><b>2024 Year 2</b><br/>CEHRD will prepare a report which at least include the list of Local Governments and corresponding schools implementing the mentoring system, mentioning the mentors, the mentees/teachers, the trainings participated by the mentors, and implementation of mentoring process.</p> <p><b>2025 Year 3 and 2026 Year 4</b><br/>CEHRD will prepare achievement report which at least include the list of Local Governments and corresponding schools implementing the mentoring system, mentioning the mentors, the mentees/teachers, the trainings participated by the mentors, and implementation of mentoring process. (For Local Governments who started implementation in earlier year(s) a</p> | <p><b>2024 Year 2, Year 3 and Year 4</b><br/>IVA will verify achievement by i) desk review of achievement report/data submitted by MOEST and relevant documents ii) interviews with relevant stakeholders (as needed) iii) field visits in representative samples (randomly selected) of enlisted Local Governments, schools and teachers who received support.</p> <p><b>2027 Year 5</b><br/>IVA will verify the achievement by desk review of achievement report/data submitted by MOEST and relevant documents</p> | <p>partial disbursement is reaching at least 60% of the target number of Local Governments implementing the activities based on the SOP<br/>Disbursement can be proportional to the results achieved (e.g., if 30 Local Governments have implemented the required activities for Year 2, 60% of planned DLI disbursement amount for Year can be disbursed)</p> |

| DLIs | Definition and Description of Achievement   | Information Source and Frequency  | Verification Agency and Procedure | Disbursement Formula |
|------|---|---|-----------------------------------|----------------------|
|      | <p>the mentoring system as per the SOP in at least 80% schools in basic level Grades.<br/>Implementation is expected to at least include, mentor and mentee/teacher selection, mentor training, orientation for mentees/ teachers, classroom observation of teachers using the TEACH tool (or a comparable observation tool); and mentor-mentee/teacher coaching time</p> <p><b>2025 Year 3</b><br/>The DLI is achieved when at least additional 100 Local Governments implement the mentoring system as per the SOP in at least 80% schools in basic level Grades (1–8).<br/>Implementation is expected to at least include, mentor and mentee/teacher selection, mentor training, orientation for mentees/ teachers, classroom observation of teachers using the TEACH tool (or a comparable observation tool), and mentor-mentee/teacher coaching time</p> <p><b>2026 Year 4</b><br/>The DLI is achieved when at least additional 100 Local Governments implement the mentoring system as per the SOP in at least 80% schools in basic level Grades (1–8).<br/>Implementation is expected to at least include, mentor and mentee/teacher selection, mentor training, orientation for mentees/ teachers, classroom observation of</p> | <p>sample-based confirmation that implementation is continuing is to be added).</p> <p><b>2027 Year 5</b><br/>The DLI achievement report will consist of the final evaluation report in English, evidence of the endorsement by MOEST, and a short description of the dissemination</p> |                                   |                      |

| DLIs   | Definition and Description of Achievement   | Information Source and Frequency   | Verification Agency and Procedure   | Disbursement Formula  |
|--|---|--|---|---|
|  | <p>teachers using the TEACH tool (or a comparable observation tool), and mentor-mentee/teacher</p> <p><b>2027 Year 5</b><br/>Evaluation on implementation of mentoring system refers independent evaluation of the implementation process and initial results of the mentoring system conducted by MOEST. The draft evaluation report will be widely consulted with all relevant stakeholders</p>   |  |   |   |
| <b>DLI 7: Examination strengthened</b>   |   |  |   |   |
| <p><b>2023 Year 1</b><br/>(i) All 753 Local Governments (a) have access to an item bank of standardized test items for BLE, and (b) have staff trained on using standardized test items for BLE</p> <p>(ii) National assessment framework for grade 12 approved</p> <p><b>2024 Year 2</b><br/>(i) At least 20% of Local Governments conducting BLE examination by using the standardized test items</p> <p><b>2025 Year 3</b><br/>(ii) Standardization items developed for grade 12 external public examination using the approved national assessment framework</p> <p><b>2026 Year 4</b><br/>(i) At least 60% of Local Governments conducting BLE examinations by using the standardized test items</p> <p><b>2027 Year 5</b><br/>(i) At least 80% of Local Governments conducting BLE examinations by using the standardized items</p> <p>(ii) Standardization items piloted for grade 12 external public examination</p> | <p><b>2023 Year 1 (i)</b><br/>BLE refers to the examination conducted by the Local Governments at the end of grade 8. Standardized test items refer to the test items developed as per the updated grade 8 standardization examination framework-2022. The DLI is achieved when (a) NEB issues a guidance on accessing an item bank by the local government and (b) NEB shares a training report of training list comprising staffs for all local governments</p> <p><b>2023 Year 1 (ii)</b><br/>National Assessment Framework for Grade 12 refers to a document that contains at least (a) principles of the assessment, (b) assessment design and structure, and (c) definition of subject domains. This DLI is achieved when National Assessment Framework for Grade 12 is approved by MOEST and</p> | <p><b>2023 Year 1 (i)</b><br/>NEB/MOEST/CEHRD submit the report on providing guidance to local governments on sharing of the item bank and training of staff nominated by the local government (education officers, teacher, etc.) on the use of standardized test items</p> <p><b>2023 Year 1 (ii)</b><br/>NEB/MOEST submit the copy of the approved national assessment framework for grade 12</p> <p><b>2024 Year 2 (i), 2026 Year 4 (ii) and 2027 Year 5 (i)</b><br/>NEB/MOEST/CEHRD</p> | <p><b>2023 Year 1 (i)</b><br/>The IVA will verify by desk review and sample interviews with staff participating in the training</p> <p><b>2023 Year 1 (ii)</b><br/>IVA will verify the achievement by desk review and interviews with NEB and MOEST/CEHRD</p> <p><b>2024 Year 2 (i), 2026 Year 4 (i) and 2027 Year 5 (i)</b><br/>IVA will verify achievement by desk review and a sample check of the exams conducted in the Local Governments</p> <p><b>2025 Year 3 (ii)</b></p> | <p><b>2023 Year 1 (i)</b><br/>Both a and b need to be achieved to claim for the disbursement,</p> <p><b>2024 Year 2 (i), 2026 Year 4 (ii) and 2027 Year 5 (i)</b><br/>If the specified target is not met in a particular year, the target is moved to next year except for final year 5</p> |

| DLIs  | Definition and Description of Achievement   | Information Source and Frequency   | Verification Agency and Procedure   | Disbursement Formula |
|---|---|--|---|----------------------|
|   | <p>MOEST submits a report that includes the details of the approval of the framework (including endorsement by NEB)</p> <p><b>2024 Year 2 (i), 2026 Year 4 (i) and 2027 Year 5 (i)</b><br/>The DLI is achieved if a report is submitted with a list of local governments conducting the BLE using the standardized items based on the updated grade 8 standardization examination framework-2022 and this list represents the share of the local governments as mentioned in the targets for years 2, 4 &amp; 5 respectively</p> <p><b>2025 Year 3 (i)</b><br/>This DLI is achieved when MOEST submits the achievement report describing process of development and a sample of test items endorsed by the NEB</p> <p><b>2027 year 5 (ii)</b><br/>This DLI is achieved when the NEB administers the pilot of standardized test items for Grade 12 examination in an external grade 12 examination and MOEST submits a report describing the process of the pilot and a copy of the examination paper which includes an endorsement by the NEB</p> | <p>Submit the report from the Local Governments</p> <p><b>2025 Year 3(ii)</b><br/>MOEST/CEHRD/NEB submitting progress report</p> <p><b>2027 year 5 (ii)</b><br/>MOEST/CEHRD/NEB submitting progress report</p> | <p>IVA will verify achievement by desk review and interviews with NEB</p> <p><b>2027 year 5 (ii)</b><br/>IVA will verify achievement by desk review and interviews with NEB</p> |                      |
| <b>DLI 8: Recovery and Accelerated Learning (ReAL) implemented to mitigate the learning loss resulting from COVID-19 pandemic</b> |   |  |   |                      |
| <p><b>2022 Prior Result</b><br/>Recovery and Accelerated Learning Plan (ReAL) approved by MOEST</p>                               | <p><b>2022 Prior Result</b><br/>The ReAL plan refers to the MOEST's plan to implement ReAL</p>  | <p><b>2022 Prior Result</b><br/>MOEST/CEHRD Achievement Report</p>   | <p><b>2022 Prior Result</b><br/>IVA will verify achievement based on</p>  |                      |

| DLIs  | Definition and Description of Achievement  | Information Source and Frequency  | Verification Agency and Procedure   | Disbursement Formula |
|---|--|---|---|----------------------|
| <p><b>2023 Year 1</b><br/>50 Local Governments implementing activities as per ReAL plan in at least 80% of the schools</p> <p><b>2024 Year 2</b><br/>Additional 100 Local Governments implementing activities as per the ReAL plan in at least 80% of the schools</p> | <p>in 2 phases, and will include at least (i) prioritization of Local Governments and schools, (ii) a national awareness campaign on the importance of parent and community support to recovery of learning loss, (iii) a plan and material for local government based teacher training on assessing students and implementing recovery of learning loss learning activities; (iv) establishment of an online platform where local governments, teachers, parents and students can share experiences and ask questions; and (v) a SOPG for local governments on implementing the recovery of learning losses activities which shall contain at least (a) specific suggestions for the Local Governments on implementing recovery activities for grades 3-8, like best practices, assessment tools, formats of agreements with NGO's and other stakeholders to jointly implement activities, and print-ready digital teaching-learning materials, (b) conducting the training for teachers (and possible volunteers or otherwise engaged people) on assessing students and implementing learning recovery activities, (c) specific suggestions on availability and utilization of financial provisions to implement the recovery activities</p> <p>The prior result is achieved when (i) the ReAL plan is approved by</p> | <p><b>2023 Year 1 and 2024 Year 2</b><br/>MOEST/CEHRD Achievement Report from Local Governments</p> | <p>desk review, discussion with CEHRD/MOEST, and consulted stakeholders by the joint financing partners</p> <p><b>2023 Year 1 and 2024 Year 2</b><br/>IVA will verify achievement by i) desk review of achievement report/data submitted by MOEST ii) interviews with relevant stakeholders (as needed) iii) field visits in representative samples (randomly selected) of local governments and schools listed in the DLI achievement report</p> |                      |

| DLIs   | Definition and Description of Achievement  | Information Source and Frequency  | Verification Agency and Procedure   | Disbursement Formula |
|--|--|---|---|----------------------|
|  | <p>MOEST, and (ii) evidence of consultation is added</p> <p><b>2023 Year 1 and 2024 Year 2</b><br/>The year 1 and 2 DLI's are achieved when in year 1 at least 50 Local Governments and in year 2 an additional 100 Local Governments implement the activities as specified in the ReAL plan in at least 80% schools within the jurisdiction of the respective Local Governments</p> <p>The DLI achievement report will at least include the list of local governments and corresponding schools implementing the activities specified in the ReAL plan and the participants in the trainings. (For local governments who started implementation in year 1 a sample-based confirmation that implementation is continuing is to be added)</p> |   |   |                      |
| <b>DLI 9: Improvement on accessibility, relevancy, and quality of e-resources in the <i>Sikai Chautari</i> (online learning portal)</b>  |  |   |   |                      |
| <p><b>2023 Year 1 (i)</b> Strategic roadmap for upgrading content for the online learning portal '<i>Sikai Chautari</i>' approved</p> <p><b>2025 Year 3</b></p> <p>(i) E-resource materials developed for the online learning portal '<i>Sikai Chautari</i>' for at least grade 9–12 Science and Mathematics subjects which are relevant, accessible and quality-assured as per the strategic roadmap)</p> <p>(ii) Training/orientation to at least two teachers of 7,000 schools for using the online portal completed</p> <p><b>2026 Year 4:</b></p> <p>(i) At least 15,000 schools are accessing the online learning portal '<i>Sikai Chautari</i>'</p> | <p><b>2023 Year 1 (i)</b><br/>Online learning portal <i>Sikai Chautari</i> refers to the portal that was established by the MOEST to support in learning continuity during COVID-19 pandemic and available online at: <a href="https://learning.cehrd.edu.np/home">https://learning.cehrd.edu.np/home</a></p> <p><b>Strategic Roadmap</b> for upgrading content should at least include (i) definition of each piece of proposed content in terms of the learning outcomes it will meet, (ii) definition of the format for each</p>  | <p><b>2023 Year 1 (i)</b><br/>MOEST/CEHRD submit the progress report</p> <p><b>2025 Year 3 (i)</b><br/><b>2026 year 4 (i) and 2027 year 5 (i)</b></p> <p>MOEST/CEHRD submit the progress report</p> | <p><b>2023 Year 1 (i)</b><br/>IVA verifies by: Desk review and interviews with key CEHRD staff.</p> <p><b>2025 Year 3 (i)</b><br/>IVA verifies by desk review and online sample assessment of the e-resources</p> <p><b>2026 year 4 (i) and 2027 year 5 (i)</b><br/>IVA by desk review and sample survey of schools</p> |                      |

| DLIs   | Definition and Description of Achievement   | Information Source and Frequency   | Verification Agency and Procedure  | Disbursement Formula |
|--|---|--|--|----------------------|
| <p>(ii) Training/orientation to at least two teachers of 8,000 schools for using the online portal completed</p> <p><b>2027 Year 5:</b></p> <p>(i) At least additional 4,000 schools are accessing the online learning portal '<i>Sikai Chautari</i>'</p> <p>(ii) Training/orientation to at least two teachers of 4,000 schools for using the online portal completed</p> | <p>piece of proposed content, (e.g., animation, presenter-led video, PDF, audio); (iii) an order of priority and schedule for content development; (iv) quality and accessibility standards, and (v) quality and relevance criteria for external content.</p> <p>This DLI is achieved when the MOEST's cover letter confirming the approval by MOEST of the strategic roadmap containing at least the five agreed areas with a copy of the approved strategic roadmap has been verified by IVA by desk review and interviews with key CEHRD staff</p> <p><b>2025 Year 3 (i)</b><br/>Relevant means the e-learning materials cover the learning outcomes as stated in the National Curriculum Framework for School Education. Quality-assured means that systems are in place to ensure that the portal remains secure, up to date, actively managed and responsive to user feedback. Accessible means that the content is equally accessible to users on various platforms/devices</p> <p>This DLI is achieved when the MOEST's report on evidence of e-resources developed (including a list of the additional content uploaded, confirming it is meeting the criteria mentioned in the roadmap, for quality, accessibility and relevance, and covering the areas for grade 9–12 Science and Mathematics as specified in the</p> | <p><b>2023 Year 3 (ii), 2024 Year 4 (ii) and 2027 Year 5 (ii)</b><br/>MOEST/CEHRD submit the progress report</p> | <p><b>2023 Year 3 (ii), 2024 Year 4 (ii) and 2027 Year 5 (ii)</b><br/>IVA by desk review and sample survey of participants</p> |                      |

| DLIs  | Definition and Description of Achievement  | Information Source and Frequency | Verification Agency and Procedure | Disbursement Formula |
|---|--|----------------------------------|-----------------------------------|----------------------|
|   | <p>roadmap) has been verified by IVA by desk review and online sample assessment of the e-resources</p> <p><b>2026 year 4 (i) and 2027 year 5 (i)</b><br/> This DLI is achieved when the MOEST's report confirming achievement of the target (including list of schools accessing the online portal) has been verified by IVA by desk review and sample survey of schools</p> <p><b>2023 Year 3 (ii), 2024 Year 4 (ii) and 2027 Year 5 (ii)</b><br/> This DLI is achieved when the MOEST's report on evidence on training (including the list of school-wise name of teachers disaggregated for gender, disadvantaged groups, Dalits and disability as per the target of at least 2 teachers per school trained [(e.g., 14,000 teachers for year 3, 16,000 for year 4 and 8,000 for year 5)] has been verified by IVA by desk review and sample survey of participants</p> |                                  |                                   |                      |
| <b>DLI 10: Education planning, budgeting, and reporting in federal structure improved</b> |  |                                  |                                   |                      |

| DLIs  | Definition and Description of Achievement   | Information Source and Frequency  | Verification Agency and Procedure   | Disbursement Formula  |
|---|---|---|---|---|
| <p><b>2022 Prior results:</b> Institutional arrangements for SESP formalized for program management, coordination, communication, and reporting</p> <p><b>2023 Year 1</b></p> <p>(i) Guidelines for the formulation of GESI-responsive and disaster and climate-resilient local government periodic education plan approved and disseminated to the Local Governments</p> <p>(ii) GESI-responsive school report cards from EMIS used in social audits in at least 80% of schools</p> <p><b>2024 Year 2</b></p> <p>(i) 40% of the 753 Local Governments (i.e., 301) have approved GESI, disaster and climate-resilient local education plans and uploaded on their website</p> <p>(iii) Percentage of recurring audit observations of SESP no more than 5.0% of the total SESP expenditures for FY2023</p> <p><b>2025 Year 3</b></p> <p>(i) 75% of the 753 Local Governments (i.e., 565) have approved GESI-responsive and disaster and climate-resilient local education plans and uploaded on their website</p> <p><b>2026 Year 4</b></p> <p>(i) All 753 Local Governments have approved GESI-responsive and, disaster and climate-resilient local education plans and uploaded on their website</p> <p>(ii) GESI-responsive school report cards from EMIS used in social audits in at least 90% of schools to improve school performance</p> <p><b>2027 Year 5</b></p> <p>(iii) Average percentage of recurring audit observations of SESP no more than 5.0% of the total SESP expenditures for FY2024, FY2025 and FY2026</p> | <p><b>2022 Prior results</b></p> <p>Institutional arrangement refers to the establishment of a SESP steering committee, a SESP implementation committee, focal agencies at federal level with terms of reference for each specific program action and result area as specified in the JFA (e.g., for the joint DLI Matrix and joint Program Action Plan), and a focal agency with terms of reference for overall program coordination, communication, and reporting. This DLI is achieved when MOEST approves the institutional arrangement for SESP and submits a copy of the official decision to be part of the JFA annex on institutional arrangement</p> <p><b>2023 Year 1 (i)</b></p> <p>This DLI is achieved when the report submitted by MOEST confirming that the CEHRD has approved Guideline for the local governments for preparing the GESI-responsive and disaster and climate-resilient periodic plan that at least ensures (i) equal opportunity for females and vulnerable groups in access and learning; (ii) disaster and climate change mitigation measures to improve preparedness of schools; (iii) consultations with relevant stakeholders including associations of women, Dalits, DAG and persons with disabilities through participatory approach to understand their concerns on local education system and how those</p> | <p><b>2022 Prior results</b><br/>MOEST Progress Report</p> <p><b>2023 Year 1 (i)</b><br/>MOEST progress report</p> <p><b>2023 Year 1 (ii) and 2026 Year 4</b></p> <p>MOEST progress report</p> <p><b>2024 year 2 (i), 2025 year 3 (i) and 2026 Year 4 (i)</b></p> <p>MOEST progress report from Local Governments</p> | <p><b>2022 Prior results</b><br/>Joint Financing Partners will jointly verify the submitted documents and JFA annex is updated</p> <p><b>2023 Year 1 (i)</b><br/>Guideline verified by the IVA by desk review.</p> <p><b>2023 Year 1 (ii) and 2026 Year 4 (ii)</b><br/>Data verified by IVA on a sample basis, that the school report card has been generated and used in social audits in the targeted percentage of all schools for the targeted academic years as reported by MOEST</p> <p><b>2024 year 2 (i), 2025 year 3 (i) and 2026 Year 4 (i)</b><br/>IVA will verify achievement by desk review and sample checking of Local Governments' websites.</p> <p><b>2024 Year 2 (iii) and 2027 Year 5 (iii)</b></p> <p>The DLI is achieved when IVA verifies based on desk review that the percentage of audit observations for respective FYs is no more than 5.0% of the</p> | <p><b>2024 year 2 (i), 2025 year 3 (i) and 2026 Year 4 (i)</b></p> <p>Partial disbursement allowed. Disbursement calculated based on total amount divided by local governments for specified year</p> |

| DLIs | Definition and Description of Achievement   | Information Source and Frequency | Verification Agency and Procedure        | Disbursement Formula |
|------|---|----------------------------------|--|----------------------|
|      | <p>could be addressed, and disseminated the guidelines to the local governments, is verified by the IVA by desk review</p> <p><b>2023 Year 1 (ii) and 2026 Year 4 (ii)</b> The GESI-responsive school report card refers to an EMIS-generated school report, which at least includes information on student enrollments disaggregated by sex, Dalit, DAG and students with disabilities, repetition, dropout, survival and completion rates, teacher availability, and student teacher ratio. Social audit refers to the annual audit of the school's financial and educational performance conducted by the PTA and publicly disseminated at the school level, the information of which is entered in the EMIS. This DLI is achieved when the MOEST submits report of the number of schools conducting social audits using school report cards, which is verified by IVA</p> <p><b>2024 year 2 (i), 2025 year 3 (i) and 2026 Year 4 (i)</b><br/>The DLI is achieved when the number of local governments approve periodic plans as per the approved guidelines is uploaded in the Local Government's website and reported by MOEST for the respective years.</p> <p><b>2024 Year 2 (iii) and 2027 Year 5 (iii)</b></p> |                                  | total SESP expenditures for the same FYs |                      |

| DLIs | Definition and Description of Achievement   | Information Source and Frequency | Verification Agency and Procedure | Disbursement Formula |
|------|---|----------------------------------|-----------------------------------|----------------------|
|      | <p>Recurring audit observations for SESP refer to observations made by OAG in its annual audit report that is repeated more than one year for the period specified. The DLI is achieved when the percentage of audit observations for respective FYs is no more than 5.0% of the total SESP expenditures for the same FYs</p> |                                  |                                   |                      |

CEHRD = Center for Human Resource and Development, DLI = disbursement-linked indicator, EMIS = education management information system, FY = fiscal year, GESI= Gender Equality and Social Inclusion, IVA = Independent Verification Agency, JFA = joint financing arrangements, MOEST = Ministry of Education, Science and Technology; NARN = national assessment for reading and numeracy, NEB = National Examinations Board, OAG = Office of the Auditor General.

Source: Asian Development Bank; Ministry of Education, Science and Technology of Nepal; and the World Bank

<sup>a</sup>TEACH is a classroom observation tool to help low-and middle-income countries track and improve teaching quality. When the verification protocol refers to the TEACH tool, it implies the contextualized and translated TEACH tool

## **D. Disbursement Allocation and Status**

17. Disbursement will be made in accordance with ADB's *Loan Disbursement Handbook* (2022, as amended from time to time) and detailed arrangements agreed between the government and ADB. The loan proceeds will be disbursed to the government's account. ADB disbursement will be made following achievement of DLIs and subsequent verification of DLIs by IVA according to verification protocols. Where achievement is partial, partial disbursement may be made as per the verification protocol. The prior results linked to \$12 million are expected to be achieved within 12 months before signing of the loan agreement. The prior results will support expedient implementation in reform areas school construction (DLI 3), implementation of ReAL (DLI 8), and education planning, budgeting, and reporting (DLI 10). In addition, up to 25% of the loan can be made available for advance financing upon loan effectiveness. The maximum allowed for the combined outstanding advance financing and prior results is 30%, with each not exceeding the respective ceilings of 25% for advance financing and 20% for financing for prior results.

18. All DLIs must be achieved on or before the RBL program's completion date.<sup>8</sup> If a DLI is not achieved or not fully achieved by the RBL program completion date, the amount allocated to the portion of the DLI not achieved or not fully achieved will be cancelled. Evidence of achievement of DLIs must be submitted with the withdrawal application. The borrower will have a winding-up period, which ends 4 months after the RBL program's completion date, for submitting withdrawal applications to ADB. If the amount of ADB financing disbursed exceeds the total amount of the government-owned program's expenditures after the winding-up period and final disbursement has been made, the borrower should refund the difference to ADB within 6 months after the RBL program completion date.

19. Before the submission of the first withdrawal application, the borrower will submit to ADB the evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. Use of ADB's Client Portal for Disbursements<sup>9</sup> system is encouraged for submitting withdrawal applications to ADB. The Center for Education and Human Resource Development (CEHRD) Director General and its Account Chief of Ministry of Education Science and Technology (MOEST) will be the signatories of the withdrawal application.

### **1. Expected Disbursement Allocation and Schedule**

20. The expected disbursement allocation and schedule is in Table 5 below.

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<sup>8</sup> Under RBL, the program completion date is the same as the loan closing date.

<sup>9</sup> The portal facilitates the online submission of withdrawal applications to ADB, resulting in faster disbursement. The forms the borrower needs to complete are available in ADB. [Guide to the Client Portal for Disbursements](#).

**Table 5: Expected Disbursement Schedule<sup>a</sup>**

| (\$ million)   |                                |                                  |                                 |                   |                    |                   |                   |                   |
|--|--------------------------------|----------------------------------|---------------------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| DLI  | Total ADB Financing Allocation | Share of Total ADB Financing (%) | Prior Results 2022 <sup>a</sup> | 2023 (Year 1)     | 2024 (Year 2)      | 2025 (Year 3)     | 2026 (Year 4)     | 2027 (Year 5)     |
| <b>Outcome</b>   |                                |                                  |                                 |                   |                    |                   |                   |                   |
| DLI 1. Inequities in access to basic and secondary education decreased   | 20.0                           | 10.0                             |                                 |                   | 7.0                |                   | 7.0               | 6.0               |
| DLI 2. Improved proficiency in reading and numeracy of grade 3 students  | 25.0                           | 12.5                             |                                 | i. 4.0<br>ii. 1.0 | i. 4.0<br>ii. 1.0  | 4.0               | 4.0               | i. 4.0<br>ii. 3.0 |
| <b>Outputs</b>   |                                |                                  |                                 |                   |                    |                   |                   |                   |
| DLI 3. Improved facilities for equitable development of secondary schools for science education                                  | 20.0                           | 10.0                             | 4.0                             | 5.0               | 5.0                |                   |                   | 6.0               |
| DLI 4. Revision of the pro-poor scholarship scheme to ensure equal opportunity to students in basic and secondary education      | 17.0                           | 8.5                              |                                 |                   | 5.0                | 4.0               | 4.0               | 4.0               |
| DLI 5. Placement of qualified science, mathematics, and English teachers in schools for grades 6-10 improved                     | 20.0                           | 10.0                             |                                 | 4.0               | 4.0                | 4.0               | 4.0               | 4.0               |
| DLI 6. School-based teacher professional support through mentorship piloted in local governments                                 | 20.0                           | 10.0                             |                                 | 4.0               | 4.0                | 4.0               | 4.0               | 4.0               |
| DLI 7. Examination strengthened  | 18.0                           | 9.0                              |                                 | i. 3.0<br>ii. 2.0 | i. 3.0             | i. 2.0            | i. 3.0            | i. 3.0<br>ii. 2.0 |
| DLI 8. ReAL implemented to mitigate the learning loss resulting from COVID-19 pandemic   | 12.0                           | 6.0                              | 4.0                             | 4.0               | 4.0                |                   |                   |                   |
| DLI 9. Improvement on accessibility, relevancy, and quality of e-resources in the <i>Sikai Chautari</i> (online learning portal) | 16.0                           | 8.0                              |                                 | i. 2.0            |                    | i. 2.0<br>ii. 2.0 | i. 3.0<br>ii. 3.0 | i. 2.0<br>ii. 2.0 |
| DLI 10. Education planning, budgeting, and reporting in federal structure improved   | 32.0                           | 16.0                             | 4.0                             | i. 3.0<br>ii. 3.0 | i. 3.0<br>iii. 3.0 | i. 5.0            | i. 3.0<br>ii. 3.0 | iii. 5.0          |
| <b>Total</b>   | <b>200.0</b>                   | <b>100.0</b>                     | 12.0                            | 35.0              | 43.0               | 27.0              | 38.0              | 45.0              |

DLI= disbursement-linked indicator, ReAL= Recovery and Accelerated Learning, SESP = School Education Sector Plan

<sup>a</sup> Prior results are for DLI-3 approval of 'School Physical Facilities Development and Implementation Guideline' and of 'Needs assessment for development of secondary schools with provision of science in grades 11-12', for DLI-8 approval of 'ReAL Plan', and for DLI-10 formalization of 'Institutional arrangements for SESP' for program management, coordination, communication, and reporting'.

Source= Asian Development Bank.

### III. EXPENDITURE FRAMEWORK AND FINANCING

#### A. Expenditure Framework

21. **Government Expenditure Framework.** The total government expenditure for the first five years of SESP (FY2023–FY2027) is \$8.36 billion in SWAp. The total estimate includes both ongoing recurrent expenditure and incremental budget required for additional interventions as prioritized under the SESP. The salary and remuneration of permanent teachers comprise 68.9% of the total expenditure framework, while 25.70% is the program expenditure. The salary and remuneration expenditure also includes proposal of additional creation of new permanent teacher positions, which accounts for 12.90% of the expenditure related to salary and remuneration.

**Table 6: Summary of Government SESP Expenditure Framework, FY2023–FY2027**  
(\$ billion)

| Source   | Amount      | Share of Total (%) |
|--|-------------|--------------------|
| <b>A. Salary and Remuneration</b>                                    | <b>5.76</b> | <b>68.9</b>        |
| – of which expenditure of additional new permanent teacher positions | 1.08        | 12.9               |
| <b>B. Program Cost</b>   | <b>2.15</b> | <b>25.7</b>        |
| – Textbook and learning materials                                    | 0.21        | 2.5                |
| – Scholarships   | 0.23        | 2.8                |
| – Incentive and support  | 0.49        | 5.8                |
| – ICT  | 0.15        | 1.8                |
| – Infrastructure, including Disaster Risk Management                 | 0.72        | 8.6                |
| – Training and Capacity Building                                     | 0.05        | 0.5                |
| – Other program cost   | 0.31        | 3.7                |
| <b>C. Management and Admin Cost</b>                                  | <b>0.45</b> | <b>5.4</b>         |
| <b>Total</b>   | <b>8.36</b> | <b>100.0</b>       |

ICT = information and communication technology.

Source: Ministry of Education, Science and Technology of Nepal.

22. **RBL Expenditure Framework.** The ADB will be supporting the SESP through the Results-Based Lending (RBL) program. The RBL program expenditure is estimated to be \$3,583.10 million for FY2023–FY2027 (Table 7). The reduced expenditures framework for the RBL takes account of 20% of the expenditures on salary and remunerations. Of the total RBL program expenditure, salaries and remunerations comprise 32.1% while the program interventions comprise 55.3%. The assessment of expenditure framework takes into consideration the effectiveness, efficiency and economy and adequacy.

**Table 7: Summary of Program Expenditure Framework, FY2023–FY2027**  
(in FY2022 prices)

| Item  | Amount<br>(\$ million)      | Share of Total<br>(%) |
|---|-----------------------------|-----------------------|
| 1. Salaries and Remuneration                | <b>1,150.90<sup>a</sup></b> | <b>32.1%</b>          |
| 2. Program intervention                     |                             |                       |
| a. Textbooks and learning materials         | 197.35                      | 5.5%                  |
| b. Scholarships                             | 220.72                      | 6.2%                  |
| c. Incentive schemes                        | 464.58                      | 13.0%                 |
| d. Information and communication technology | 140.03                      | 3.9%                  |
| e. Civil works                              | 682.03                      | 19%                   |
| f. Training and capacity development        | 44.26                       | 1.2%                  |
| g. All other items <sup>b</sup>             | 230.85                      | 6.4%                  |
| <b>Subtotal</b>                             | <b>1,979.82</b>             | <b>55.3%</b>          |
| 3. Management and administration            | 452.38                      | 12.6%                 |
| <b>Total</b>                                | <b>3,583.10</b>             | <b>100.00</b>         |

FY = fiscal year.

<sup>a</sup> This represents 20% of total salaries and remuneration under the broad government program.

<sup>b</sup> Includes costs for inclusive education, monitoring, program and/or school operation costs, costs of review and development of policy guidelines, and other program costs.

Source: ADB and Ministry of Education, Science and Technology of Nepal

## B. Program Financing

23. **Government Expected Financing Envelope.** The federal government will be the primary source of funding for SESP, expected to finance 86.5% of the total government program. The development partners as joint financing partners (JFPs) will support the SESP through joint financing arrangement (JFA) in a SWAp with tentative commitment to provide \$458 million in financing (5.5% of the total SESP expenditure framework). In addition, support provided outside the JFA, by development partners and or international non-government organizations is expected to contribute substantially to the program through off-budget support. The non-JFA financing contribution is estimated to be around \$175 million (2.1% of the estimated cost). The remaining contribution is expected to be from local governments based on the recent allocation by the local government to education. Several partners have indicated that in case of good performance additional financing can be considered if requested.

**Table 8: Estimated SESP Financing Plan (FY2023–FY2027)**

| (\$ million)                     |         |                    |
|----------------------------------|---------|--------------------|
| Source                           | Amount  | Share of Total (%) |
| Government                       | 7,230.8 | 86.5               |
| Development Partners from JFA    | 458.0   | 5.5                |
| Non-JFA contributions            | 175.4   | 2.1                |
| Local and provincial governments | 498.0   | 5.9                |
| Total                            | 8,361.2 | 100.0              |

JFA=Joint Financing Arrangement

Note: Non-JFA contributions from development partners (both Joint Financing Partners and other partners) are estimated based on commitments indicated so far

.Source: Asian Development Bank

24. **ADB RBL Financing Plan** The government Nepal has requested a concessional loan of \$200 million from ADB's ordinary capital resources to help finance the program. The loan will have a 32-year term, including a grace period of 8 years; an interest rate of 1.0% per year during the grace period and 1.5% per year thereafter; and such other terms and conditions set forth in the draft loan agreement. The federal government will provide \$2,688.12 million to the program, while JFPs, including ADB, are expected to contribute about \$396.98 million. The provincial and local governments are expected to finance about \$498.00 million (Table 8). Additional financing can be considered by ADB in case of good progress.

**Table 9: Program Financing Plan, FY2023–FY2027**

| <b>Source</b>  | <b>Amount<br/>(\$ million)</b> | <b>Share of Total<br/>(%)</b> |
|--|--------------------------------|-------------------------------|
| Federal government                                       | 2,688.12                       | 75.02                         |
| Development partners                                     | 396.98                         | 11.08                         |
| Asian Development Bank (Concessional lending)            | 200.00                         | 5.58                          |
| Other joint financing partners <sup>a</sup>              | 196.98                         | 5.50                          |
| European Union   | 15.39                          |                               |
| Finland  | 7.51                           |                               |
| Norway   | 6.76                           |                               |
| United Nations Children’s Fund                           | 0.94                           |                               |
| United States Agency for International Development       | 6.38                           |                               |
| World Bank <sup>b</sup>                                  | 160.00                         |                               |
| <b>Subtotal (A+B)</b>                                    | <b>3,085.10</b>                | <b>86.10</b>                  |
| Local and provincial government (estimated) <sup>c</sup> | 498.00                         | 13.90                         |
| <b>Total</b>   | <b>3,583.10</b>                | <b>100.00</b>                 |

FY = fiscal year.

<sup>a</sup> Support is estimated based on commitments indicated so far and will be provided based on joint collaborative financing with no administration by the Asian Development Bank.

<sup>b</sup> The World Bank financing is inclusive of the Global Partnership for Education, which it administers

<sup>c</sup> Local and provincial government contribution is estimated based on contribution of internal revenue and federal equalization grants

Source: Asian Development Bank.

#### **IV. PROGRAM SYSTEMS AND IMPLEMENTATION ARRANGEMENTS**

25. The SESP program will entail strengthening of existing implementation arrangements through improved program management, improved technical oversight, and strengthened coordination function. The SWAp arrangement will be continued for SESP with several improvements, including a joint DLI matrix, a joint Program Action Plan, and further harmonized monitoring and review process. A Joint Financing Arrangement (JFA) will be signed by ADB along with other seven JFPs pooling resources for the SESP and the government. The draft JFA is in Annex 1. The JFA will be the main instrument for the coordination and program management and reporting requirement for the RBL.

##### **A. Monitoring and Evaluation System**

###### **1. Summary of Monitoring and Evaluation System**

26. The monitoring and evaluation (M&E) system of MOEST is guided by the national M&E framework and guidelines issued by the National Planning Commission. Necessary institutional arrangements for M&E at the federal level, the provincial level, the local level, and the school level are in place in the education sector. Overall responsibility for monitoring and reporting for the SESP is with the CEHRD of the MOEST.

27. The M&E system for the education sector has several components. A key component is the education management information system (EMIS). This system, which was transformed to a web-based system in 2018, is used to collect information on students, teachers and schools. Data is updated by all the schools twice a year—once at the beginning of the academic year in May, and secondly at the end of the academic year in March—which is presented in so-called Flash I and Flash II reports and included in the annual consolidated report with data from other sources. The data and reports generated by the EMIS are also used for the annual and trimester progress

reporting of school education.<sup>10</sup> At school level, school management committees and head teacher are responsible for data entry and the preparation of school level EMIS and for conducting annual financial and social audits. Local government education officers are available for support. In the EMIS data is collected on the following information: (i) general data on the school (name, location etc.); (ii) individual student data (disaggregated by gender, disadvantaged group, Dalit, and disability); (iii) end of term marks in practical and theoretical for each student for each subject and total marks; (iv) individual teacher information; (v) current education information for each teacher; (vi) the education history of each teacher; (vii) the In-service training history of each teacher; (viii) teaching history for each teacher; (ix) the history of leave taken for each teacher (x) the salary/income for each teacher broken down by allowance, funds; and (xi) the physical details for a school (financial status, scholarships, textbooks, curriculum, facilities). Schools that do not have access to internet usually approach a neighboring school or if not possible their local government for assistance in uploading.

28. Under the MOEST, the EMIS unit within the CEHRD is responsible for development and maintenance of the EMIS, as well as the related capacity development. The servers for the EMIS are hosted in National Information Technology Center (NITC). The transition from a stand-alone database system to a web-based system greatly improved coverage and quality of data of the EMIS. In addition, functionality was significantly enhanced. A web-based system allows a variety of stakeholders to use the system, which was not possible with the earlier stand-alone data base system. In several phases functionality was added, with recent changes providing login credentials to all tiers of government to use the system and enhancing reporting functions able to generate better reports. EMIS policy guidelines were issued which define administrative and user access, including public access to EMIS data as well. A group of master trainers was trained, multi-media training material was developed, and an on-line community created. Challenges remain on schools not timely providing a full set of data and actual usage of the information for planning purposes. Especially at local government level is mainly used for the regular reporting purposes, not for policy analysis and or planning. EMIS development, including the transition to a web-based system during the previous program was supported by Technical Assistance. Actual software development was outsourced to a private company under the technical assistance.

29. MOEST approved a strategic plan to develop an integrated EMIS (iEMIS). This iEMIS aims to connect data from school education, higher education, and technical education and vocational training (TEVT), by introducing coding standards and enhancing interoperability. The iEMIS is exploring options to align with the Government of Nepal basic registries for people and institutions for students and teachers, and institutions respectively, including the unique identity (ID) numbers for each. Options for issuing unique IDs to students are explored as are the options for middleware for cross referencing with the basic registries, as the national ID is issued at the age of 16. This will transform the information governance in Nepal at country level as it will allow to link education information with the overall government information architecture. For example, scholarship beneficiaries can be cross referenced with other social protection schemes and implementation of the per capita financing will strengthen with using unique student IDs. The implementation plan indicates that development of the iEMIS will take four to five years.

30. To assess actual progress in learning achievements the Education Research Office (ERO) under the MOEST conducts periodic National Student Assessments (NASA). NASA is conducted for students from year 5, year 8 and year 10. This practice will continue during the SESP. To

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<sup>10</sup> The Flash I report is an assessment of the educational inputs and processes based on the school census data at the beginning of the school year. The data collection starts in May and compilation completes in July. The Flash II report focuses on the assessment of the educational outputs and outcomes based on data at the end of the school year. The data is collected in April and completes in June. The Consolidated Report which analyses trends on key indicators over a number of years based on data from both Flash I and II reports.

assess learning achievements in the lower grades a National Assessment for Reading and Numeracy (NARN) was conducted for the first time in 2020. To improve the quality of the NARN a new framework will be developed in the first year of the program, and the NARN will be conducted twice, once in the second and once in the fifth year. This provides very valuable information on the effectiveness of information. Conducting and improving the national assessments is a DLI for the World Bank and in the case of NARN for ADB. The World Bank will provide capacity development support to the ERO.

31. While financial progress reporting on utilization of the conditional grants is captured in SuTRA, a systematic approach to report on physical progress on utilization of the conditional grants is yet to be developed. In the financing bill approved for fiscal year 2022–2023 it has been included that local governments are mandated to report physical progress to the federal level, as a condition to receive a next release. The government is yet to decide on the approach to reporting physical progress by local governments. If government aims to have a standard approach for all sectors, adding functionality to the SuTRA is being considered. If that will be the policy, MOF and FCGO need to coordinate with all Local Governments, the Ministry of Federal Affairs and General Administration and all line ministries. If the government decides that physical progress reporting is managed by the sectoral ministries, for MOEST the EMIS will be the most logical system to use for progress reporting. MOEST is discussing with MOF to received guidance as soon as possible.

32. To monitor data that is not captured in the EMIS, the ERO reports, and the SuTRA, MOEST/CEHRD has an established practice to develop ad-hoc data collection methods, like sample surveys and monitoring sheets for local governments. For each result indicated in the Program Results Framework, this data collection method is identified. In case of reporting on disbursement-linked indicators (DLIs) these methods are further specified in the protocols. Technical Assistance support is available, managed through the TA framework, for each DLI and other results to further support data monitoring.

33. The Government has implemented a series of national programs in school education since the 1990s. The latest School Sector Development Plan (SSDP) was implemented during 2017–2022 closed in July 2022. The SSDP was jointly supported by development partners using a sector-wide approach (SWAp) and the Joint Financing Arrangement (JFA) signed between the government and development partners prescribed the requirement for the M&E. The Flash I and II reports along with the annual status report, Financial Management Reports, annual audit reports, and safeguards monitoring reports are the key documents that provided progress on overall program performance on SSDP. This annual cycle of for monitoring and reporting progress will be continued in SESP, with further harmonization and strengthening.

34. For SESP, continuous enhancement of the M&E system and processes is foreseen to effectively support the results-based financing modality. A new JFA by the eight Joint Financing Partners will be the main document guiding development partners financing to the SSDP and includes a strong emphasis on M&E to meet the needs of results-based financing. The development partners signing the JFA will be financing the SESDP through results-based financing with amounts to be disbursed contingent on achievement of DLIs and through program-based support with amounts to be disbursed contingent on meeting overall progress in the sector. A joint PRF, a joint DLI framework, a joint program action plan (identifying technical, fiduciary, safeguards, M&E and gender equality and social inclusion actions), a monitoring and review schedule, a joint format for financial management reporting, and a joint statement of audit needs (SAON), have been agreed among the joint financing development partners and the government which increases harmonization and unified approach and a focus on achieving results.

35. For the verification of the achievement of the DLIs, an independent verification agency (IVA) will be engaged by MOEST. This will be an independent government agency. During SSDP Tribhuvan University was engaged as IVA. As part of the protocol for verification engagement with beneficiaries is provisioned. A joint Technical Assistance framework will be established to coordinate technical assistance inputs. Joint technical working committees and working groups A joint technical committee for fiduciary management was established under SSDP and will continue. As it was decided that there were too many joint committees and working groups under SSDP, the establishment of the new joint committees and working groups is now being considered instead of continuing with the one established under SSDP. All development partners supporting SESP, including those who do not sign the JFA, are expected to participate in the technical assistance framework and the to be established to ensure complementarity and leveraging of technical assistance and each partner's expertise. A midterm evaluation and joint evaluation of SSDP are foreseen with external technical assistance mobilized by joint financing partners, which will be further specified through the TA framework.

36. Within the program design several risk mitigating actions have been included and can be summarized as followed. DLI's on improving M&E capacity have been proposed both by ADB as well as by other partners. ADB has included DLIs on (i) operationalizing the implementation arrangement; (ii) improving school mapping based on enrollment projections; (iii) developing local education plans based using data analysis; (iv) using school profile cards for social audit; (v) strengthening the NARN; and (vi) evaluation of the mentoring system, while other partners have DLI's on strengthening NASA, strengthening EMIS, including implementation of the iEMIS and adding a module on students with disabilities. As part of the Program Action Plan a specific heading is included for strengthening M&E which proposes annual M&E and EMIS action plans, capacity development for local government and schools, and further disaggregation of data in EMIS. Under the fiduciary action plan specific actions to improve financial and physical reporting are also included. As significant technical assistance funds are available among the joint financing partners and other partners, all these actions will be eligible for technical assistance support as managed through the technical assistance framework.

37. As specified in the Schedule for Reporting and Review of the JFA the program will prepare the following reports: Flash I, Flash II, the annual status report, annual safeguards monitoring reports, biannual reports on the progress and review of the PAP implementation, quarterly Financial Management Reports, as per the JFA format, and an annual external audit of financial statements by the Office of Auditor General as per the SAON added to the JFA SAON. In addition, as part of the PAP actions an annual fiduciary review to diagnose bottlenecks and provide support to addressing them. The joint technical working group for fiduciary management will continue to monitor the fiduciary management action plan and also play a pro-active role in engaging with other stakeholders responsible for fiduciary management capacity development of local government.

38. MOEST and development partners will undertake semiannual reviews/consultations in March and November each year to review progress in implementation of SESP (including the achievement of DLIs) in accordance with the Schedule for Reporting and Review of the JFA. The Joint Review Meeting in November each year will assess overall program performance and implementation progress, based on the reports and confirm the achievement of annual DLI targets for which evidence has been submitted. The JFA has also outlined the timing and process for undertaking the midterm review and evaluation of SESP. ADB will be following JFA's review mission schedule, midterm and evaluation of the SESP for the RBL.

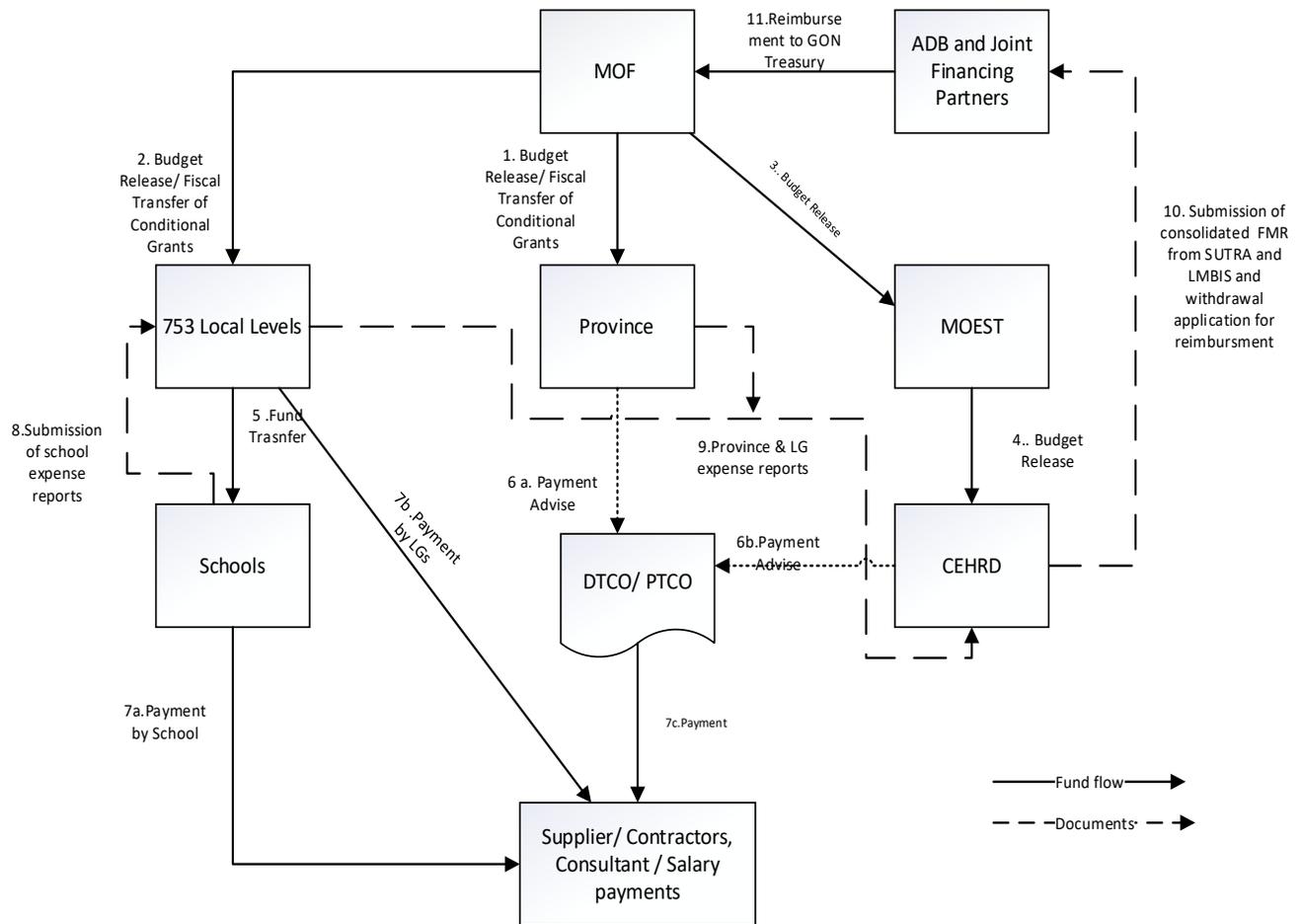
**B. Fiduciary Systems**

**1. Financial Management System**

**a. Summary of the Financial Management System**

39. The overall SESP/ the RBL fund flow is illustrated in the Figure 1 below. The fund flow and reporting are in line with fiscal devolution with financial management accounting, reporting and auditing following the country system.

**Figure 1: Overall SESP Fund Flow**



40. **Program resource allocation.** The Local Government Operation Act, 2074 (2017) assigns the management of Basic and Secondary Education services to Local Governments within the policy guidelines and regulations issued by the Federal Government represented by the MOEST. The devolution of functions includes more autonomy over spending decisions, including spending on Basic and Secondary education. The general observations above related to planning and budgeting, budget execution, internal controls and external audit, in particular at the Federal Level (MOEST) and Local Level, will also apply to the implementation of SESP. The SESP budget will in part (for approximately 11%) be executed by MOEST, Centre for Education and Human Resource Development (CEHRD), and MOEST’s central line agencies for components related to program planning, management, monitoring and evaluation as well as curriculum development, teacher management and training. The major share of the SESP budget

will be executed by local governments for school level expenditures. The local government spending will be financed predominantly by conditional grant for education<sup>11</sup>. It means the overall fiduciary risk associated with the SESP is for a large part associated with the fiduciary risk at local government and school levels as a major share of the SESP budget allocations will be executed at these levels.

41. **Planning and budgeting.** As per the Intergovernmental Fiscal Arrangement Act 2017, Provinces and Local Governments are to prepare MTEFs, however, currently this is not done by Local Governments. The plans and budgets for education over the years has not been based on local government and school needs assessments by projecting enrollment targets and using national standards like maximum student/teacher ratio. Instead, they have been incremental based on the resource envelope allocated by the federal level through the conditional grant for education which in turn is based on a formula for allocation of resources required for multiple expenditure categories. It means local government budget allocations for education has been dependent on allocations from federal level driven by a formula reflecting prescriptive expenditure needs defined by the Federal level rather than local governments and school level own assessment of needs for meeting education level targets. Local governments are to prepare annual education sector plans and budgets., Local Governments have received training and supervision under SSDP on the concepts of preparing education sector plans. This is an activity to be continued under SESP with additional support to prepare education sector plans and budgets reflecting resource needs to achieve sector targets.

42. **Budget execution, accounting, and reporting.** In terms of budget execution, there are significant challenges related to local government payroll management and school monitoring of expenditure from the local government level. Among them are teacher salaries charged to the Federal conditional grant for education for teachers not appointed through the federal system but recruited locally, teachers being paid above the approved remuneration levels and unwarranted additional payments to some teachers. The financial reporting from schools to Local Governments on spending of the local government transfers to them are still not uniform and schools find it a challenge. Limited oversight of school level expenditures by local governments including timely reconciliation of expenditure statements with bank statements to identify unutilized balances adds to the challenge of weaknesses in school level financial monitoring. This applies to many local governments and schools, which are not reporting on unutilized balances and hence unutilized conditional grant one year serves as an unconditional grant resource for the next fiscal year as the balance is not transferred to the consolidated fund.<sup>12</sup> A School Accounting Software (SAS) is piloted in several schools for full implementation in all schools. This will serve to improve reporting and basis for internal controls/audits by Local Governments provided that SAS can be rolled out and serve all schools. More importantly, it requires that all local governments strengthen their supervisory and internal audit functions.

43. **Internal audit.** There are still many local governments who has not yet established an internal audit function. Of those who have, several require training and supervision to comply with the government's internal audit framework. Local governments that had appointed an internal auditor did not include expenditures managed by schools beyond internal audit of payroll for teachers maintained by the local governments. At the school level every school is to complete social audit. Schools are to use a social audit form that is filled by the Parent Teacher Association (PTA). From the last AFR with sampling of local government and schools, they found that the

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<sup>11</sup> Ref. among others Nepal: Assessment of School Education Financing in a Federal System. ADB, November 2021 with an estimate of 97.5% of total local government spending financed from Federal grants though with some few local governments using a higher share of own revenues.

<sup>12</sup> Ref. also Fiduciary Risk Assessment, for the Royal Norwegian Embassy, Kathmandu. December 2021.

Social Audit at the school level was not conducted as per requirements for many of the schools included in their sample.

44. **External audit.** OAG is also the external auditor of the Local Governments, and the outcome of these audits are published in separate reports. For the fiscal year 2020, OAG conducted and published reports for all Local Governments. For fiscal year 2021, they have as yet completed and published audit reports for 695 out of the 753 Local Governments. The audits comply with INTOSAI standards of audits as for other levels of Government and the audit qualifications are entered into NAMS for follow-up of audit qualifications. The key risks associated with external audit at local government level is associated with the requirement of PACs at local government level that has yet to be implemented.

45. The school level audits are to be conducted by an auditor from a selection of auditors presented by the local government to the school with the auditor selected by the Head Teacher and SMC. However, as observed by AFRs, the auditors are often generating the accounts for the school as basis for the audit, i.e., creating a conflict of interest as the accounting officer and external auditor is the same. This is linked to the general weaknesses observed above related to school accounting and financial reporting.

46. **Auditing and public disclosure.** The audit of the project financial statements shall be carried out annually by the Office of the Auditor General (OAG) of Nepal in accordance with the International Standards of Supreme Audit Institutions (ISSAI) as supplemented by the SOAN (please see Annex 1 JFA which has SOAN as an annex) agreed between JFPs and OAG. The audit would cover the entire Program, i.e., covering all sources and application of funds, including the JFPs and the Government of Nepal as well as direct payments and grants in-kind, if any.

47. The audit report for the program will include a management letter and auditor's opinions, which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds were used only for the purpose(s) intended; and (iii) whether the compliance with the financial covenants contained in the legal agreements were made. The management letter will include from the second year onwards, a follow-up on previous years audit observations.

48. The Financial Management Report (FMR) should be prepared based upon the Government of Nepal Accounting Standards i.e., the Nepal Public Sector Accounting Standards (NPSAS). The preparation of the FMR is the responsibility of the Government and should include the following:

- (i) Statement of receipts and payments and cash balances thereof, which include the sources and uses of funds showing the funds received from JFPs, Government and other financiers for the SESP Program.
- (ii) Statement of budget vs. actual expenditure for the current year, prior year and cumulative inception to date (where applicable).
- (iii) Detailed notes to the financial statements including accounting policies and explanatory notes.
- (iv) Annexure to the project financial statements shall include (a) a statement of reimbursable expenditure, (b) reconciliation of reimbursements, (c) details of expenditure by currency/method of funding/output, etc.; and (d) disbursement details by JFPs.

49. ADB will disclose on its website the program financial statements and the auditors' report thereon within 14 days of their acceptance, following ADB's Access to Information Policy.<sup>13</sup> The audited program financial statements and the auditors' report will be submitted in English language to ADB within 9 months after the close of the Nepal fiscal year ADB reserves the right to require a change in the auditor (in a manner consistent with the laws and regulation of the DMC), or require additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB or if the audits are substantially delayed. Nine months is proposed after the fiscal year closure given SESP SWAp is implemented nationwide by 753 local governments, seven provincial education training centers, and MOEST and its line agencies which requires substantial time for report financial consolidation followed by audit.

50. The Constitution of Nepal gives provisions for an independent judiciary with courts consisting of the Supreme Court, High Court, and District courts. In addition, it gives provisions for a number of constitutional bodies such as the Commission for the Investigation of Abuse of Authority (CIAA), OAG, Public Service Commission (PSC), and Attorney General as key institutions to combat and oversee that constitutional rights are adhered to and address any misuse of public office by any government employee. As per the Corruption Perception Index 2021 published by Transparency International, Nepal scored 33 in 2021. The score has gradually increased over time indicating a lower level in perception of corruption among the public<sup>14</sup> and with an increased ranking from 122 among 179 countries in 2017 to 117 out of 180 countries in 2021.

51. The World Governance Indicator (WGI) percentile rank score on the corruption dimension has steadily been improving over the last decade from 23.2 in 2011 to 29.8 in 2020<sup>15</sup>. The development is attributed to the outcomes of Nepal's anti-corruption efforts as also reflected by the various sources of information used as input for the WGI indicator. It is among others attributed to the continued professionalization of the OAG and with more public participation in the review of OAG reports as well as investigations and actions by CIAA. As reported by CIAA, the number of complaints reported has declined since its peak in 2014/15, primary due to reduced number of complaints in the education sector. Whether this is due to less awareness or effort in reporting corruption by the public or reflecting a decline in overall level of corruption cannot be determined. The WGI trend appears to suggest the latter. The fiduciary management risk mitigating measures related to strengthening Local Government internal audits and oversight will likely further improved on the trend in reported corruption cases for education.

52. The government will instruct all relevant agencies<sup>16</sup> to (i) comply with the requirements of ADB's RBL anticorruption guidelines; (ii) ensure that any person or entity debarred or temporarily suspended by ADB is not eligible to be awarded a contract under or otherwise allowed to participate in the RBL program during the period of such debarment or temporary suspension; and (iii) include a provision related to item (ii) in the bidding documents. The bidding documents should also reference:

- (i) the list of debarred and temporarily suspended firms and individuals available on ADB's website;<sup>17</sup>

<sup>13</sup> ADB. 2018. [Access to Information Policy](#). Manila.

<sup>14</sup> A country's score is the perceived level of public sector corruption on a scale of 0-100, where 0 means highly corrupt and 100 means very clean.

<sup>15</sup> The percentile rank are from 0 to 100, with higher values corresponding to better outcomes. World Bank: <https://info.worldbank.org/governance/wgi/>

<sup>16</sup> This includes all procuring entities, procurement agents, and other agencies at all levels under the RBL program.

<sup>17</sup> ADB. [Sanctions List](#). For more information, including how to access ADB's sanctions list, refer. <https://www.adb.org/publications/faqs-ADB-sanction> .

- (ii) ADB's Office of Anticorruption and Integrity's website<sup>18</sup> where reports of allegations of integrity violations can be made
  - (a) by e-mail to [integrity@adb.org](mailto:integrity@adb.org) or [anticorruption@adb.org](mailto:anticorruption@adb.org);
  - (b) through the complaint form;
  - (c) by secure telephone access +63 2 8632 5004;
  - (d) by fax +63 2 636 2152; or
  - (e) by mail to Office of Anticorruption and Integrity, Asian Development Bank, 6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines; and
- (iii) the reservation by the DMC's procurement administration offices at each level of the right to reject the proposed award to debarred or temporarily suspended entities.

53. The guidelines will be issued in the joint names of MOEST and CEHRD which are responsible for the oversight of the RBL program and may be updated within the program period.

54. ADB's guidelines on fraud, corruption, and other prohibited activities for RBL programs are in **Annex 3**.<sup>19</sup>

### **C. Satisfying Procurement Member Country Eligibility Restrictions**

55. **Procurement arrangement.** The program will be jointly financed by seven other JFPs and financial resources of each financier will be co-mingled and administered by the borrower for the program. Under such an arrangement, Ordinary Capital Resources and financiers' resources will be used to jointly finance procurement packages and universal procurement is applicable.

### **D. Safeguard Systems**

#### **1. Summary of Safeguard System**

56. The RBL program is categorized as B for environment and indigenous peoples, and C for involuntary resettlement. In accordance with the ADB and the World Bank's respective safeguards policies, Environmental and Social Systems Assessment (ESSA) is completed upon examination of Nepal's existing legal, regulatory, and institutional framework for environment and social management systems (Annex 4 [to be replaced by website address once MOEST publishes]). Site specific and temporary construction-related environmental impacts are anticipated from upgrading of secondary schools which will include GESI friendly features and disaster and climate resilient design standards. No involuntary resettlement will occur since construction of infrastructure will be within the school premises. The program will ensure that no temporary impacts on involuntary resettlement will occur during construction. The indigenous peoples will benefit from the affirmative actions under the program which will increase their participation and improve their learning outcomes. The program will ensure affirmative actions are relevant and culturally appropriate and inclusive. The indigenous peoples will be included as part of disadvantaged groups in key GESI actions.

57. While these impacts are already being addressed through existing frameworks, gaps and challenges exist which are mostly related to institutional arrangements and capacity at the provincial and local levels. Adequate key measures to strengthen system performance for environmental and social management have been included in the PAP in consultation with

<sup>18</sup> ADB. [Anticorruption and Integrity](#).

<sup>19</sup> Relevant information on the anticorruption systems and how to deal with fraud and corruption cases during implementation can be found in ADB. 2019. [Mainstreaming the Results-Based Lending for Programs](#). Manila; and the [staff instruction on business processes for RBL for programs](#).

MOEST/CEHRD. These include (a) consolidating and harmonizing existing different safeguards documents<sup>20</sup> into one document—Environmental and Social Management Framework (ESMF); (b) formation of a committee at the local level for monitoring and strengthening E&S risk management; and (c) enhancing the existing grievance redress mechanism system to make it more systematic. The progress of these actions will be monitored and reported annually. There are no known programmatic nor contextual risks. The government and JFP financed technical assistance will be providing capacity building support on environmental and social safeguards implementation. The draft ESSA will be disclosed on the government website and the ADB website, and the final ESSA will be disclosed prior to Board circulation.

58. Safeguard System-Related Program Actions Status. The joint PAP actions related to Safeguards are listed in the section under PAP.

## **E. Gender and Social Dimensions**

59. Significant progress has been made in inclusive and equitable access, with gender parity in NERs achieved at both basic and secondary levels, enrollment of Dalit children in basic education proportional to their population share, and regional differences in enrollment are declining. Disaggregated data on student background is collected for key performance indicators. However, inequities remain, especially at secondary level. Enrollment of Dalit children decreases significantly in secondary education, compared to basic. Only 17.2% of all students enrolled in grades 11–12 study science subjects. There is a gap of more than 7 percentage points between boys and girls in science enrollments, mainly due to the lack of equitable provision of community schools equipped to teach science across the country. Parents prefer to enroll boys in private school, and boys tend to choose science more than girls. The share of children with disabilities in enrollment is 0.52% in basic education and 0.25% in secondary education, while they constitute 1.9% of the population, with significantly more boys enrolled. To ensure children with disabilities can receive adequate education all schools need to be accessible, and teachers trained in inclusive teaching practices. There are indications that girls and children from disadvantaged background experienced relatively larger learning loss during the pandemic. To better assess gender equality and social inclusion (GESI) of the system and take actions to address the remaining gaps, further disaggregation of data is required on students' and teachers' background.

60. The program is categorized as gender equity (GEN) theme and has a strong GESI focus. The education sector has made good progress in equitable and inclusive access, especially in basic education and gender parity. However, inequitable access still exists, especially in secondary education for students from disadvantaged groups, for students with disabilities, and for girls in science subjects. To ensure disadvantaged children, including those with disabilities, schools and teachers need to be better adequately equipped. The impact of COVID-19 pandemic seems to be bigger on children from disadvantaged background and girls. To fully assess GESI additional data disaggregation is needed. The design has a strong GESI focus. All outcome indicators, and relevant output indicators are gender disaggregated, and additional disaggregation is included in the PAP for these indicators. Specific interventions are included in the DLI 1 on improved enrollment of children with disabilities; DLI 3 on child, gender and disable friendly designs and expansion of secondary school provision for science subjects outside the urban areas; DLI 4 on expansion of pro-poor scholarship; and DLI-8 on implementation of ReAL which includes learning loss assessment at individual level to design specific learning plans. The PAP includes actions on training of teachers in inclusive teaching-learning practices and

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<sup>20</sup> These include Environmental Management Framework (EMF) and Social Management Framework (SMF)

implementation of the EMIS disability module. Technical Assistance is planned by several partners on strengthening inclusiveness of education.

## F. Climate Change and Adaptation

61. The program is assessed as medium risks based on the review of literature and from web-based climate and disaster risk screening tool. The climate risks that may affect the selected secondary schools in 753 LGs funded by the program in the short- to medium-term can be sufficiently addressed by the adaptive management being undertaken by the government and by considering these risks in planning decision, program design, and appropriate construction methods and management for the improvement/retrofit and construction of selected secondary schools. One of the key actions in Output 1, where civil works will be involved, is the approval of the School Physical Facilities Development and Implementation Guidelines 2022. In addition, the preparation of the Master plan for all schools is expected to be completed in 2022-2023 providing details on the year-wise targets of science facilities to be constructed and renovated. Climate risks can directly affect building structures and can indirectly affect the school children due to the loss of their school facilities from disasters or used as temporary shelters, loss of teaching and learning materials, and delay in the resumption of classes affecting educational continuity. The main climate risk management for school buildings which will consider, among others, location of river edge or major stream or gullies and land slides. Relevant provisions on climate change from the Nepal National Building Code NBC 203:2015 will be followed as well as the Comprehensive School Safety Minimum Package (CSSMP) 2018, and the Comprehensive School Safety Implementation Guidelines 2019. The CSSMP 2018 guides in creating the minimum level of acceptable safety in all schools in Nepal both public and private from pre-school to higher secondary level.

62. Climate mitigation measures to be incorporated in the design of reconstruction, rehabilitation and retrofitting of existing school buildings in selected secondary schools under the program will use updated design standards including energy-efficient lighting and cooling systems, water-efficient WASH facilities, Energy-Star certified computer systems and appliances (whenever available), and low-emitting or no volatile organic compounds paints and coatings. Strengthening of the online learning portal will facilitate the continuity or early resumption of education in school areas in the event school facilities and learning material are destroyed by an emergency or disaster. As well, local government education planning will include the development of operations and maintenance plan, and climate and disaster preparedness plan.

**Table 10: Climate Adaptation Plans within the Program**

| <b>Adaptation Activity</b>   | <b>Target Climate Risk</b>   | <b>Estimated Adaptation Costs (\$ million)</b> | <b>Adaptation Finance Justification</b>  |
|--|--|--|--|
| <ul style="list-style-type: none"> <li>– Rehabilitation/reconstruction /retrofitting of school buildings from selected secondary schools offering science subjects in grades 11-12 to have them disaster and climate change resilient.</li> <li>– Implementation of comprehensive disaster risk management and resilience plan.</li> </ul> | Variabilities in temperature and precipitation, extreme weather conditions | 12.0   | <ul style="list-style-type: none"> <li>• Ensure safety and wellbeing of students and teachers by building and reinforcing climate change resilient and disaster resistant school infrastructure</li> <li>• Implement programmes and campaigns on 'green schools', climate change and disaster preparedness.</li> </ul> |
| <ul style="list-style-type: none"> <li>– Development of local government education plans</li> </ul>  | Variabilities in temperature and precipitation,                            | 7.0  | <ul style="list-style-type: none"> <li>• The local government education plan will incorporate design of climate and disaster-resilient physical facilities, operations and maintenance of the</li> </ul>   |

| Adaptation Activity   | Target Climate Risk  | Estimated Adaptation Costs (\$ million) | Adaptation Finance Justification  |
|---|--|---|---|
|   | extreme weather conditions   |   | facilities, capacity building measures to ensure improved monitoring and supervision.   |
| – Improvement on the accessibility, relevancy, and quality of e-resources in the <i>sikai chautari</i> (online learning portal) | Variabilities in temperature and precipitation, extreme weather conditions | 16.0                                    | <ul style="list-style-type: none"> <li>• Continuity of learning in the event of an emergency or disaster due to climate change</li> </ul> |

Source: Asian Development Bank estimate

## G. Communication and Information Disclosure Arrangements

63. MOEST is revising the communication strategy for the SESP. As practiced in the SESP the MOEST carries out extensive consultation during the two review meetings as part of the JFA with the local education group. The local education group comprises stakeholders including various line ministries, development partners, political party representatives, teacher unions, technical experts, Parents-Teacher Associations, School Management Committees, Non-Government Organizations, and Civil Society Organizations, local and provincial governments. ADB disclosure requirements have been discussed with the government. Both ADB and the government disclosure policy including that of the JFA will be used for the RBL. The annual sector performance and status reports including joint midterm review and joint final evaluation will be publicly disclosed. The ESSA will be disclosed in the ADB website. The social audit at the school level will also be used as means of communication at the community.

## H. Development Coordination

64. Ever since Nepal committed to the global 'education for all' goals in 1990, several development partners have been instrumental in supporting school education through a sector-wide approach (SWAp). Since the SSDP, RBL is the major instrument for many multilateral and bilateral agencies. The principal modality of development coordination is the SWAp, which has matured over time and is supported by various joint financing partners (JFP) that commit funding support through a Joint Financing Arrangement (JFA). The SWAp is also supported by non-pooling development partners, including international and national nongovernment organizations that are members of the Local Education Development Partner Group. The SWAp allows JFPs to subscribe to a common government sector program and provide budgetary support based on progress against agreed results (disbursement-linked indicators). Coordination among the JFPs, and between the JFPs and government is facilitated by a Development Partner Focal Point which is voluntarily assumed by one of the JFPs on an annual rotational basis. The JFA includes details on the development coordination as well as on harmonizing communication between the government and the JFPs.

65. The SESP will implement the fourth generation of SWAp using lessons learned on improving coordination. Development partners aim to leverage each other's expertise as appropriate. ADB, the World Bank, and other partners harmonized DLIs, PAP, and technical assistance, and mobilize adequate staff resources to support program implementation while complementing each other. ADB, based on earlier experience, will take the lead in school upgrading, subject teacher placement, examination reform, and development of e-resources; the World Bank in implementation of ReAL, school-based teacher professional development, national student assessments, and foundational learning; GPE on early childhood education and

development; USAID, Finland, and European Union on pre- and in-service teacher professional development; and USAID and UNICEF on inclusive education. Strengthening local government and school capacity in fiduciary management has the interest of all partners. The TA framework aims to manage complementarity of all technical assistance. The joint TA framework will ensure coordination and complementarity of TA for better results and reduced transaction cost. It will include regularly updated TA mapping and government led TA governance structure.

## V. INTEGRATED RISKS AND MITIGATING MEASURES

### A. Key Risks and Mitigating Measures

**Table 11: Integrated Risks and Mitigating Measures**

| <b>Risks</b>   | <b>Rating Without the Mitigating Measures</b> | <b>Key Mitigating Measures</b>   |
|--|---|--|
| <b>Results</b>   |   |  |
| Lack of political will to rationalize existing multiple scholarships schemes may lead to delays in approving the pro-poor scholarship scheme, which is necessary to ensure equal opportunity for students. | Substantial                                   | Extensive consultations will be undertaken at all levels of government and with all major stakeholders. Corresponding DLI and PAP actions will include TA support from the development partners.   |
| Extreme climate and weather events, or an earthquake and associated landslides beyond projections result in loss and damage.   | Substantial                                   | The SESP promotes the safe-school concept. Reconstruction, rehabilitation, or retrofitting of school buildings will incorporate climate- and disaster-resilient designs. The periodic education plans by local governments and the improvements in online portal will also take into account climate and disaster considerations. Corresponding DLI and PAP actions, including TA support from the development partners, are proposed.   |
| Delays in enacting the federal education bill will delay the creation of new permanent teacher positions, which may hamper the placement of sufficient subject teachers.                                   | Substantial                                   | Sufficient allocation of budget to local governments through the conditional education grants will allow them to hire contractual subject teachers based on MOEST's teacher placement and redeployment plan, which is annually updated in close coordination with the local governments. A DLI will motivate the government to ensure effective placement.   |
| The EMIS and SuTRA do not capture all the data required for program monitoring and the reporting of local and school-based interventions for the SESP.   | Substantial                                   | The federal level government is issuing guidance to local governments on program reporting processes and systems in all sectors. Interministerial coordination is required to ensure that a harmonized reporting system is developed for newly devolved sectors such as education. The EMIS is further strengthened to improve reporting from the schools with quality assurance by the local governments. The PAP actions cover these issues and will be supported by development partners' TA. |
| Insufficient disaggregation of program results in the EMIS lead to inadequate planning and reporting of GESI-related interventions.  | Moderate                                      | Additional modules on GESI reporting are being added to the EMIS to reflect effective SESP program results indicators.   |
| <b>Expenditure and financing</b>   |   |  |
| Economic downturn may not allow federal government to allocate budget at the same level.   | Moderate                                      | Education continues to be a priority of the government and its commitment to maintaining the same level of budget allocation remains.  |

| Risks  | Rating Without the Mitigating Measures | Key Mitigating Measures   |
|--|--|---|
| Inability of the federal government to motivate local governments to make sufficient allocations to education to meet the SESP expenditure framework.  | Substantial                            | The program includes a DLI to spur and support the preparation of local periodic education plans, which will enable the local governments to plan and budget for education effectively.   |
| Government delays the issuance of a policy directive on managing permanent teacher positions in line with the federal structure.                       | High                                   | The policy dialogue of the development partners to expedite the approval of the federal education bill continues. The RBL expenditure covers 20% of teacher salaries and remuneration to allow effective teacher deployment.  |
| The federal conditional grant for education is prescriptive and gives local governments and schools limited scope to allocate resources based on need. | Substantial                            | The revision of the federal conditional grant to local governments will ensure resource mobilization based on local and school needs. This is included in the PAP and will be supported through TA attached to ADB's RBL and by the World Bank.   |
| <b>Fiduciary</b>   |  |   |
| Local governments' internal control is weak because most of them do not have functional internal audit units.  | High                                   | The PAP includes interministerial coordination by MOF and MOEST to ensure that local governments implement internal control functions based on MOFAGA's model internal control guidelines; related activities of MOEST's ongoing PFMRP and PLGSP will be monitored by development partners. Progress will be reported in the biannual reviews of the PAP and in the annual fiduciary review of the SESP to be financed by the TA attached to the RBL. |
| Limited oversight of audit observations because many local governments do not have public accounts committees.   | Substantial                            | The ongoing PFMRP and PLGSP are helping local governments set up the public accounts committees. Coordination and follow-up with PFMRP and PLGSP are in the PAP, to be monitored by the government and the development partners. A DLI on audit observations of the SESP is proposed for the RBL.   |
| Many local governments' procurement entities have limited technical and procurement capacity.  | Moderate                               | Continued improvement of e-GP implementation, including training of local governments through the PLGSP and ADB's proposed policy-based lending on devolved service delivery. The progress will be reported by the annual fiduciary review of the SESP to be financed by the TA attached to the RBL.  |
| Frequency and quality of social audits of schools vary considerable between schools.   | Substantial                            | Increased number of schools complying with revised guideline on social audits using the school report cards generated by EMIS. This is included as a DLI.   |
| <b>Safeguards</b>  |  |   |
| MOEST's current environmental and social frameworks are not harmonized and are difficult to implement locally.   | Substantial                            | An integral ESMF will be completed, summarized in Nepali, endorsed by MOEST, and made readily adaptable and usable by provincial and local governments. This is a PAP action.   |
| Weak institutional arrangement for the local management of environmental and social safeguards.  | Substantial                            | A committee with representation from the planning and infrastructure (environment) units, social development divisions, and education units of local governments will be formed, and will be responsible  |

| Risks  | Rating Without the Mitigating Measures | Key Mitigating Measures  |
|--|--|--|
|  |  | and accountable for managing the SESP's environmental and social safeguards.   |
| <b>Operating environment</b>   |  |  |
| Weak institutional capacity for sustained technical and program management to achieve SESP targets while the transition to federalism continues to evolve. | Substantial                            | A robust program coordination, accountability, and reporting arrangement was developed at MOEST and CEHRD to enable coordination and accountability among its federal level agencies, and among federal, provincial, and local level governments. Capacity development activities are mobilized to strengthen program management and reporting requirements in all three tiers of government, with significant TA resources allocated by partners. |
| <b>Overall RBL program risk</b>  | <b>Substantial</b>                     |  |

CEHRD = Center for Education and Human Resource Development; DLI = disbursement-linked indicators, EMIS = education management information system; MOEST = Ministry of Education Science and Technology; MOFAGA = Ministry of Federal Affairs and General Administration; PAP = program action plan; PFMRP = Public Financial Management Reform Program; PLGSP = Provincial and Local Government Support Program; RBL = results-based lending; SESP = School Education Sector Plan; SuTRA = Subnational Treasury Regulatory Application, TA = technical assistance.

Note: Risk factors are assessed against two dimensions: (i) the likelihood that the risk will occur, and (ii) the impact of the risk on the outcome. Rating scale: low = low likelihood and low impact; moderate = substantial to high likelihood but low to moderate impact; substantial = low to moderate likelihood but substantial to high impact; high = high likelihood and high impact.

Sources: Asian Development Bank; Ministry of Education, Science and Technology of Nepal; and the World Bank.

## VI. PROGRAM ACTION PLAN

66. The elaborated joint Program Action Plan agreed is also attached in the JFA. The following is the abbreviated format.

**Table 12: Program Action Plan**

| Action   | Responsible Agency         | Time Frame for Implementation |
|--|----------------------------|-------------------------------|
| <b>Area 1: Technical actions</b>   |                            |                               |
| 1.1. Provide adequate budget for program activities, including disbursement-linked indicators and the program action plan, in the yearly ASIPs and AWPBs   | MOEST, CEHRD               | March/<br>April each year     |
| 1.2. A package of supplementary teaching–learning materials for reading and numeracy in grades 1–3 developed and approved, and print-ready copies uploaded on the CDC website  | CDC                        | December 2022                 |
| 1.3. List of local governments and plan for the implementation of activities to improve foundational proficiency in literacy and numeracy are approved, as per the integrated approach of the curriculum for grades 1–3. | CEHRD                      | March 2023                    |
| 1.4. Piloting of standardized test items for basic-level examinations (grade 8) completed  | National Examination Board | March 2023                    |
| 1.5. Comprehensive framework for teachers' professional development approved   | CEHRD                      | March 2023                    |
| 1.6. Evaluation of the recovery and accelerated learning plan completed  | MOEST, CEHRD               | 15 July 2026                  |
| <b>Area 2: Fiduciary management actions</b>  |                            |                               |
| 2.1 Develop a GESI-responsive and disaster-resilient periodic education plan and budget model within the scope of the medium-term expenditure framework to be applied by local governments                               | MOEST, CEHRD, MOFAGA       | December 2022                 |
| 2.2 Train local governments on the education budget model  | MOEST, CEHRD, MOFAGA       | January–July 2023             |

| <b>Action</b>  | <b>Responsible Agency</b>                                | <b>Time Frame for Implementation</b>        |
|--|--|---|
| 2.3 Review and revise current conditional grant management arrangement, including definition of eligible expenditures  | MOEST,<br>MOF  | January 2023                                |
| 2.4 School Management Committees will prepare the AWPB   | MOEST, CEHRD,<br>MOFAGA, and LGs                         | March 2025                                  |
| <b>Procurement</b>   |  |   |
| 2.5 All LGs with functional procurement entities   | MOEST, CEHRD,<br>Public Procurement<br>Monitoring Office | 2023–2024                                   |
| <b>Internal control and internal audit</b>   |  |   |
| 2.6 Internal control guidelines developed and implemented by the LGs   | MOEST, CEHRD,<br>MOFAGA, FCGO                            | February 2023                               |
| 2.7 Development of harmonized expenditure reporting template for schools, including a plan for the rollout the school accounting system where applicable   | MOEST, CEHRD,<br>FCGO, LGs                               | July 2023                                   |
| 2.8 Coordination with MOFAGA on the implementation of internal control functions by local governments based on MOFAGA's model internal control guidelines for local governments  | MOEST, MOFAGA<br>(oversight), LGs                        | 2023–2024                                   |
| 2.9 Internal audit units of local governments initiate audits of school expenditures   | MOFAGA, and<br>LGs, MOEST,<br>CEHRD (oversight)          | 2025  |
| <b>External audit</b>  |  |   |
| 2.10 Public account committees established, and supported and supervised by the Public Financial Management Reform Program and Provincial and Local Governance Support Program   | LGs, MOFAGA<br>(oversight)                               | 2023–2024                                   |
| 2.11 Dedicated financial management staff for the program supplemented by a financial management consultant for timely resolution of the audit observations at federal level, and to coordinate with local governments to settle audit observations at local level   | MOEST,<br>Development<br>Partners, CEHRD,<br>LGs         | Annually                                    |
| <b>Financial monitoring / review</b>   |  |   |
| 2.12 Annual fiduciary review to be conducted based on jointly agreed terms of reference (financed by JFPs)   | MOEST, CEHRD,<br>and JFPs                                | Annually                                    |
| <b>Area 3: Safeguard actions</b>   |  |   |
| 3.1 The existing environmental management framework and social management framework are updated and consolidated into an environmental and social management framework that meets the requirements of all JFPs and is summarized in Nepali; to be endorsed by MOEST and made readily adaptable and usable by provincial and local governments. | MOEST,<br>CEHRD  | March 2023                                  |
| 3.2 Committees formed within LGs for the management of environment and social safeguard risks  | MOEST, CEHRD,<br>MOFAGA,<br>LGs                          | March 2023                                  |
| 3.3 Grievance redress mechanism enhanced to make it more systemic and digitalized, including management of all related grievances and referral system  | MOEST,<br>CEHRD,<br>LGs                                  | March 2023 and<br>throughout the<br>program |
| <b>Area 4: M&amp;E–EMIS actions</b>  |  |   |
| 4.1 Develop and approve annual M&E plan based on ASIP and AWPB   | MOEST,<br>CEHRD  | 15 July each year                           |
| 4.2 The EMIS strengthened as per the approved guideline and as per EMIS verification carried out before the Midterm Review.  | CEHRD  | 15 July each year,<br>and 2026              |
| 4.3 Ensure that all data in the EMIS on students and teachers is disaggregated by gender, ethnic and economic affiliation (Dalits and disadvantaged groups), and disability; and progress reported accordingly.  | CEHRD  | July 2023 and<br>reported annually          |

| Action  | Responsible Agency | Time Frame for Implementation   |
|---|--------------------|---------------------------------|
| 4.4 LGs and schools trained on EMIS usage   | CEHRD, LGs         | As per the developed plan 4.2   |
| 4.5 EMIS disability subsystem or module scaled up nationally, including data on type of school a student is enrolled in.  | CEHRD              | 15 July 2024 ( to be confirmed) |
| <b>Area 5: GESI actions</b>   |                    |                                 |
| 5.1 Instructions on child-, gender-, and disability-friendly designs included in construction guidelines  | MOEST, CEHRD, LGs  | 31 December 2022                |
| 5.2 New schools have applied the guidelines, so they are child-, gender-, and disability-friendly.  | MOEST, CEHRD, LGs  | Annually                        |
| 5.3 Update disability-inclusive teacher training package as applicable, and prepare a training plan in coordination with provincial education training centers                          | CEHRD              | December 2022 and annually      |
| 5.4 Ensure that all data in the EMIS on students and teachers is disaggregated by gender, disadvantaged group, Dalits, and disability; and progress reported accordingly (same as 4.3). | CEHRD              | As per the developed plan 4.2   |

ASIP = annual strategic implementation plan; AWPB = annual work plan and budget; CDC = Curriculum Development Center; CEHRD = Center for Education and Human Resource Development; EMIS = education management information system; FCGO = Federal Comptroller General Office; GESI = gender equality and social inclusion; JFP = joint financing partner; LG = local government; MOEST = Ministry of Education, Science and Technology; MOFAGA = Ministry of Federal Affairs and General Administration.

Source: Asian Development Bank and the World Bank.

## VII. TECHNICAL ASSISTANCE

### A. Summary

67. The transaction TA will support implementation of the SESP' JFA priority areas in policy, program, and system development withing SWAp. The SESP is implemented in the federal context with 753 local governments as major players for management of the school education. The technical and human resource capacity need is high to effectively implement the SESP. By leveraging the available resources of the SESP, the TA will prioritize on key transformative inclusive innovations on examination, online teaching and learning, teacher mentoring and local government strengthening. The TA grant from the Government of Norway will support the implementation of the key fiduciary management actions of the SESP. The transaction TA is proposed to be attached rather than part of the RBL loan to allow for specialized technical consultant inputs, and management and close supervision by ADB, which are required to spearhead in highly technical areas envisaged under the transaction TA.

#### 1. Outputs and Activities

68. **Output 1: Coordination and program management of the SESP improved.** This output aims to (a) support the coordination for implementation of SESP JFA among the local education development group and the government; (b) provide program monitoring support for program results and disbursement-linked indicators; and (c) support policy dialogue for improvement on local government education financing for education outcome (supported by the Government of Norway). The key activities include development partners and government coordination during ADB's role as the focal point, monitor key results, and develop guidance note to the government on revision of the grant formula for improving effectiveness and efficiency of education financing in fiscal decentralization.

69. **Output 2: Technical and institutional capacity strengthened.** This output will focus on (a) standardization of examination system by improving the business process through automation and quality of test items; (b) develop twinning arrangement with the universities to program seamless technical knowledge in examination; and (c) strengthen the online teaching and learning by improving content and usage of the existing online learning portal's (*Sikai Chautari*). These interventions are system innovations for improving quality of education. Key activities will be (i) improvement in the web-based software platform for test item development, publication of test papers, and management of results in National Examination Board (NEB)<sup>21</sup>; (b) develop pool of technical experts in test item development, moderation and implementation so that test items are continuously improved for grade 8 and 12; (c) provide capacity development as necessary to local governments and schools on improved examination system, (d) develop memorandum of understanding with universities for technical collaboration with NEB; and (d) expansion and use on high quality e-resources for core subjects in online portal (*Sikai Chautari*) of basic and secondary education.

70. **Output 3: Program results monitoring and reporting system enhanced.** This output will (a) conduct fiduciary review at least two times during the SESP JFA implementation; and (b) strengthen reporting system (financial and physical) from local governments building on innovations in financial management reporting in school sector development plan. The key activities are (a) establishment and operationalize improved physical and financial reporting system from local governments; (b) capacity building of 753 local governments on physical and financial reporting for education; and (e) conduct at least two annual fiduciary reviews. Output 3 is supported by the Government of Norway.

71. The application of ICT to automate business process of examination in NEB and improvement in teaching and learning materials in online portal (*Sikai Chautari*) is a value addition and innovations in education system development. The development of twinning arrangements with universities is a step forward in improving much needed human resource capacity for specialized technical work of standardization of examination.

## 2. Cost and Financing

72. The TA financing amount is \$1.6 million, of which (i) \$1 million will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-7) and (ii) \$0.6 million will be financed on a grant basis by the Government of Norway and will be administered by ADB. The key expenditure items are listed in Table below. The government will provide counterpart support in the form of counterpart staff, office space, coordination assistance, and other in-kind contributions.

**Table 13: Cost Estimates and Financing Plan**  
(\$'000)

| Item   | Amount  |
|--|---------|
| <b>A. Asian Development Bank<sup>a</sup></b> |         |
| 1. Consultants                               |         |
| a. Remuneration and per diem                 |         |
| i. International consultants                 | 225,700 |
| ii. National consultants                     | 516,750 |

<sup>21</sup> The web-based software is established by the Open- AT as part of the first phase activities supported by the TA 9215 Nep: Supporting policies and implementation of School Sector. ADB. 2016. [Report and Recommendation of the President to the Board of Director: Proposed Results-Based Loan and Technical Assistance Grant to Nepal for Supporting School Sector Development Plan](#). Manila.

| Item  | Amount           |
|---|------------------|
| b. Out-of-pocket expenditures                         |                  |
| i. International and local travel                     | 34,550           |
| ii. Training, seminars, and conference                | 54,000           |
| 2. Training, seminars, and conferences                | 125,000          |
| 3. Survey and Studies                                 | 25,000           |
| 4. Contingencies                                      | 19,000           |
| <b>Subtotal (A)</b>                                   | <b>1,000,000</b> |
| <b>B. Government of Norway<sup>b</sup></b>            |                  |
| 1. Consultants  |                  |
| a. Remuneration and per diem                          |                  |
| i. International consultants                          | 106,000          |
| ii. National consultants                              | 176,600          |
| b. Out-of-pocket expenditures                         |                  |
| i. International and local travel                     | 19,400           |
| ii. Surveys   | 15,000           |
| iii. Training, seminars, and conferences              | 103,000          |
| 2. Miscellaneous TA administration costs <sup>s</sup> | 165,000          |
| 3. Contingencies                                      | 15,000           |
| <b>Subtotal (B)</b>                                   | <b>600,000</b>   |
| <b>Total</b>  | <b>1,600,000</b> |

ADB = Asian Development Bank, TA = technical assistance.

Note: The technical assistance (TA) is estimated to cost \$1.6 million, of which contributions from the Asian Development Bank and the Government of Norway are presented in the table above. The government will provide counterpart support in the form of counterpart staff, office space, workshop venues, and other in-kind contributions. The value of government contribution is estimated to account for 3% of the total TA cost.

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-7).

<sup>b</sup> Administered by ADB, cofinanced by the Government of Norway

<sup>c</sup> This will include ADB administration charge, foreign exchange gain and loss, and audit as per the cofinancing agreement

Source: Asian Development Bank estimates.

### 3. Implementation Arrangements

73. The executing agency will be MOEST. ADB's South Asia Regional Department will administer will select, supervise, and evaluate consultants in close coordination with MOEST and joint financing partners (TA Framework). The TA will be implemented 5 years, from December 2022 to December 2027. Implementation arrangements are summarized in table below.

**Table 14: Implementation Arrangements**

| Aspects                          | Arrangements                      |  |              |
|----------------------------------|-----------------------------------|--|--------------|
| Indicative implementation period | December 2022–December 2027       |  |              |
| Executing agency                 | MOEST                             |  |              |
| Implementing agency              | ADB                               |  |              |
| Consultants                      | To be selected and engaged by ADB |  |              |
|                                  | Firm: Single Source Selection     | Examination strengthening and item banking software team-OAT S.A, Luxemburg (International: 9 person-months National: 4 person-months) | \$248,000.00 |
|                                  | Firm: CQS                         | Fiduciary Review Firm (International: 3 person-months)   | \$102,000.00 |

| Aspects      | Arrangements  |  |              |
|--------------|---|--|--------------|
|              |   | National: 8 person-months)   |              |
|              | Firm: CQS   | Fiduciary Management and Capacity Development Firm National 32 person-months | \$251,000.00 |
|              | Individual: Individual Selection  | International (3 person-months)  | \$133,000.00 |
|              | Individual: Individual Selection  | National expertise (84 person-months)  | \$517,000.00 |
| Procurement  | Training, seminar, workshop, and survey to be procured by consultants and ADB   |  |              |
| Disbursement | Disbursement of TA - financed TA will follow ADB's <i>Technical Assistance Disbursement Handbook (2020, as amended from time to time)</i> .<br>Disbursement of TA grant basis of the Government of Norway administered by ADB will follow ADB's <i>Technical Assistance Disbursement Handbook (2020, as amended from time to time)</i> for specific consulting packages specified in the cofinancing agreement and linked TA document terms of reference. |  |              |

ADB = Asian Development Bank, CQS = Consultant Qualification Selection, MOEST = Ministry of Education, Science and Technology; OAT = open assessment technologies, QCBS = quality- and cost-based selection,.

Source: Asian Development Bank.

74. **Consulting services.** ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.<sup>22</sup> The total TA inputs include 146 person-months (18 person-months of international inputs and 128 person-months of national inputs). The single source selection (SSS) for the recruitment for examination and item banking software team is proposed. The justification for SSS for open assessment technologies (OAT), S.A, Luxemburg in partnership with National Education Foundation Research, United Kingdom are (i) the tasks are continuation of the work that was initiated from the ongoing TA9215<sup>23</sup> with phase one related to software installation completed while phase two entail completion of customization of test generation module in the same software installed by OAT, S.A, Luxemburg; (ii) the OAT, S.A, Luxemburg was selected for first phase through competitive selection using consulting qualification selection<sup>24</sup>; and (iii) the OAT, S.A, Luxemburg is proven its technical competence in installation of the examination software and capacity development and is considered as a one of the leaders in the world in improvement of examination system.

75. **Procurement.** Procurement will follow the ADB Procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers (2017, as amended from

<sup>22</sup> Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 2).

<sup>23</sup> The web-based software was established by Open Assessment Technologies, S.A., Luxembourg as part of TA (Supporting Policies and Implementation in the School Sector) attached to the earlier RBL program. ADB. 2016. [Report and Recommendation of the President to the Board of Director: Proposed Results-Based Loan and Technical Assistance Grant to Nepal for Supporting the School Sector Development Plan](#). Manila.

<sup>24</sup> The expression of interest was published on 5 December 2021 with shortlisting of 6 EOIs conducted on 4 March 2022. The Consultant Qualification Selection for OAT, S.A, Luxemburg was conducted among two shortlisted firms. The contract amount is: \$198,300 with contract period from 20 June 2022 to 15 December 2022.

time to time). Training, seminar, workshop and survey expenditures will be managed by ADB and the consultants.

76. **Cofinancier requirements.** The arrangements for cofinancing will be set out in an agreement between the ADB and the Government of Norway.

77. The following table shows required services for the transaction technical assistance (TA) to support the Government of Nepal in the implementation of the School Education Sector Plan's (SESP) Joint Financing Arrangement priority areas in policy, program, and system development within Sector-Wide Approach.

**Table 15: Summary of Consulting Services**

| Position   | Input (in person-months) |               |            |               |
|--|--------------------------|---------------|------------|---------------|
|  | ADB                      |               | Norway     |               |
|  | National                 | International | National   | International |
| Distance education (ICT) specialist (Individual)   |                          | 3             |            |               |
| Fiduciary Management Specialist (Individual)   |                          |               |            | 3             |
| Program Coordinator – 36 months (Individual)   | 30                       |               |            |               |
| Education planning specialist: 36 months (Individual)  | 30                       |               |            |               |
| Examination expert   | 12                       |               |            |               |
| Distance education (ICT) specialist (Individual)   | 12                       |               |            |               |
| <b>ADB Firm 1: Examination Strengthening and Operationalizing Item banking software Team</b> |                          |               |            |               |
| Item Banking Specialist  |                          | 3             |            |               |
| Examination Expert/ Team Leader  |                          | 3             |            |               |
| Software Customization, Maintenance and Training specialist                                  |                          | 3             |            |               |
| Software Customization, Maintenance and Training specialist                                  |                          | 4             |            |               |
| <b>Norway Firm 1: Fiduciary Review Firm</b>  |                          |               |            |               |
| Fiduciary Review Specialist (International)  |                          |               |            | 3             |
| Financial Audit Specialist (National)  |                          |               | 4          |               |
| Procurement Audit Specialist (National)  |                          |               | 4          |               |
| <b>Norway Firm 2: Fiduciary Management and Capacity Development Firm</b>                     |                          |               |            |               |
| Senior Public Financial Management Specialist/Team Leader (National)                         |                          |               | 12         |               |
| Public Financial Management Specialist 1 (National)  |                          |               | 10         |               |
| Public Financial Management Specialist 2 (National)  |                          |               | 10         |               |
| <b>Total</b>   | <b>84</b>                | <b>12</b>     | <b>44</b>  | <b>6</b>      |
| <b>Inputs by TA Cofinanciers</b>   | <b>96</b>                |               | <b>50</b>  |               |
| <b>International Inputs</b>  |                          |               | <b>18</b>  |               |
| <b>National Inputs</b>   |                          |               | <b>128</b> |               |
| <b>Total Inputs</b>  |                          |               | <b>146</b> |               |

ADB= Asian Development Bank, ICT= Information Communication Technology

Source: Asian Development Bank

## **B. Individual Consultants**

78. **Distance Education (ICT) Specialist (3 person-months, international, individual).** The Distance Education Specialist will be responsible for providing support in improving quality

of the e-resources in the online portal (*sikai chautari*). The consultant will be responsible to guide the government on innovative approaches based on international best practices to improve use of online teaching and learning practices in schools.

**79. Fiduciary Management Specialist (3 person-months, international, individual).** The Fiduciary Management Specialist will be responsible for advising the government and Joint Financing Partners on key fiduciary management issues related to implementation of the SESP. The specialist will be responsible for policy dialogue and implementation of the reform in local government education financing particularly on federal condition and equalization grant.

**80. Program Coordinator (36 person-months, national, individual).** The Program Coordinator will primarily support overall coordination between ADB and the Ministry of Education, Science and Technology (MOEST) and Development Partners. The coordinator will support the government and ADB to follow-up on the implementation SESP, particularly on DLIs and program results framework, maintain good communication among key stake holders, identify any related issues, and develop remedial measures. The consultant will also work on thematic knowledge work related to school education.

**81. Education Planning Specialist (30 person-months, national, individual).** The Education Planning Specialist will take a leadership role in supporting the government in implementation of the model school program under SESP, including overall coordination of the national and international consultants involved in various activities related to the model schools; review government plans, programs and activities in relation to model school development and identify the key features, components and over-arching guidelines for the operation of the model school program in SESP; provide technical support in the development of an overall framework for the development of school-specific costed master plan and guidelines; identify and develop key components of the multi-year quality improvement measures in model schools with associated costs and capacity requirements; review existing processes for monitoring and reporting on progress in model schools and develop a comprehensive reporting modality to capture annual progress in the model schools, including effective monitoring of school improvement initiatives.

**82. Distance Education Specialist (12 person-months, national, individual).** The Distance Education (ICT) Specialist will be responsible for supporting international expert to finalize needs assessment for both strands of work for supporting teaching-learning through alternative modalities, mapping contemporary research on distance/hybrid teaching & learning and conducting assessment of current key approaches being used by CEHRD and other national and international organizations to support in learning continuity, improve access to its Learning Portal and improve quality of the content on the Portal, develop strategies to improve quality of the content/material currently in use by the Learning Portal for all grades, and to develop and propose strategies to improve coverage, teacher engagement and 'good practice' learning,

**83. Assessment and Examination Expert (12 person-months, national, individual).** The Assessment and Examination Specialist will provide technical and overall coordination support for developing and managing all tasks with the NEB, ERO, CDC, other government agencies, DPs and individuals/organizations as required. The Specialist will be responsible to provide technical support to develop National Assessment Framework); technical oversight and steering of tasks relating to item banking establishment and operation; item and test testing in coordination with NEB; coordinate with international firm and NEB for capacity building on testing, analysis and reporting; and liaison for university twinning partnership.

## C. Firm Consultants

### 1. ADB Firm 1: Examination Strengthening and Operationalizing Test Item Banking web-based Software

84. **Examination Specialist/Team Leader (3 person-months, international, firm).** The examination specialist will support NEB will support the implementation of the grade 8 and 12 standardization from item development to piloting of test items. The Specialist will train item writers in the development of items based on test blueprint/specification grid of Curriculum Development Center with representative samples of model items for the item writers, and (iii) review and provide feedback on the items developed by item writers. The specialist will also oversee the strengthening of the test item banking software.

85. **Item Banking Specialist (3 person-months, international).** The Item Banking Specialist will be responsible for the Item and test development training, result analysis and reporting, setting performance standards and grading system, organize assessment and examination familiarization workshops to NEB and MOEST, and providing orientation to national trainers (with orientation manual) to familiarize local and provincial on item banking and testing. The Specialist will be responsible for test generation, psychometric and data management, including assembling equivalent test from item banking and delivery via paper for LGs use, CTT and IRT, Analysis and managing meta-data and Data management and data link

86. **Software Customization and Maintenance Training Specialist (3 person-months, international).** The Specialist organize assessment and examination familiarization workshops to federal, provincial, and local governments, and providing orientation to national trainers (with orientation manual) to familiarize local and provincial on item banking and testing

87. **Software Customization and Maintenance Training specialist (4 person-months, national).** The Specialist will be responsible for liaison and communicate between international firm, NEB facility as required; support international firm in the item banking customization and associated training and Support NEB staff in practically implementing training skills on the job as required.

### 2. Norway Firm 1: Fiduciary Review Firm

88. **Team Leader/Fiduciary Management Specialist (3 person-months, international, firm).** The team leader/Management specialist will be responsible to develop a methodology and scope of undertaking annual fiduciary review for SESP period by reviewing selected risk-areas including areas identified by the program fiduciary system assessment the annual audit reports of the Office of Auditor General In consultation with JFPs and the government; undertake annual fiduciary review in selected risks areas based on the agreed scope and methodology, present the findings to related stakeholders and support the government in implementing the recommended actions.

89. **Financial Audit Specialist (4 person-months, national, firm).** Under the guidance of fiduciary management specialist, the Financial Audit Specialist will perform the tasks as outlined in the scope of the annual fiduciary review related to public financial management, prepare detailed methodology for undertaking annual fiduciary review during the SESP; undertake the fiduciary review upon endorsement of the methodology by the MOEST and JFPs; share the findings and develop key actions for the joint fiduciary committee to be taken forward while revising and updating the fiduciary management action plan on an annual basis.

90. **Procurement Audit Specialist (4 person-months, national, Firm).** Under the guidance of fiduciary management specialist, the Procurement Audit Specialist will perform the task as outlined in the scope of the annual fiduciary review related to public procurement; undertake detailed methodology for the annual fiduciary review, and undertake the review.

### 3. Norway Firm 2: Fiduciary Management and Capacity Development Firm

91. **Team Leader/Public Financial Management Specialist, (12 person-months, national, firm).** The Specialist will be responsible for the implementation of operationalizing the fiduciary management action plan of the SESP in key areas of reporting of local government and the schools. Facilitate the government in implementation of the disbursement-linked indicators related to the fiduciary management. Liaison with the Ministry of Finance, Financial Comptroller General Officer, Ministry of Federal Affairs and General Administration, Office of Audit General. The specialist will be responsible to coordinate with other initiatives undertaken to strengthen the local governments and schools' fiduciary management.

92. **Public Financial Management Specialist-2 (10 person-months, national, firm).** The specialists will work with the team leader to support the implementation of fiduciary management action plan particularly on the financial and physical reporting from the local governments. Support the local governments in key issues related to the fiduciary management.

## VIII. MONITORING OF KEY PROGRAM COVENANTS

93. The government and the MOEST have agreed with ADB on certain assurances for the RBL program, which are set forth in table below.

**Table 16: Assurances**

| Item                                | Assurances   |
|-------------------------------------|--|
| Implementation Arrangements         | <ol style="list-style-type: none"> <li>1. The Borrower shall ensure or cause the Program Executing Agency and the Implementing Agencies to ensure, that the Program is implemented in accordance with the detailed arrangements set forth in the PID. Any subsequent change to the PID shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the PID and this Loan Agreement, the provisions of this Loan Agreement shall prevail.</li> <li>2. The Borrower shall ensure or cause the Program Executing Agency and the Implementing Agencies to ensure, that the aggregate amount of Eligible Expenditures under the Program is equal to or exceeds the Loan proceeds withdrawn by the Borrower for the Program. Such Eligible Expenditures are part of the expenditures incurred under SESP, but they exclude any expenditures for (a) procurement of works, goods and services from countries which are not members of ADB; (b) procurement of works, goods and services from persons or entities debarred or suspended by ADB; (c) procurement involving High-Value Contracts; (d) any activities which are classified as category A for environmental impact under the ADB SPS (2009); (e) any activities assessed as likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on environment and/or affected people; and (f) any activities which are prohibited investment activities provided in Appendix 5 of the SPS.</li> </ol> |
| DLI Compliance and Program Dialogue | <ol style="list-style-type: none"> <li>3. The Borrower shall ensure or cause the Program Executing Agency and the Implementing Agencies to ensure, that all DLIs achieved under the Program continue to be complied with for the duration of SESP.</li> <li>4. The Borrower shall keep ADB informed of discussions with other multilateral or bilateral aid agencies that may have implications for the implementation of SESP and the Program and shall provide ADB with an opportunity to comment on any resulting proposals. The Borrower shall give due consideration to ADB's views before finalizing and implementing any such proposal</li> </ol>   |
| Technical Requirements              | <ol style="list-style-type: none"> <li>5. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure, that all Program Actions in the area of technical requirements are implemented in a timely and efficient manner</li> </ol>   |

| Item                                | Assurances  |
|-------------------------------------|---|
| Financial Management                | 6. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure, that all Program Actions in the area of financial management are implemented in a timely and efficient manner.   |
| Procurement                         | 7. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure, that each contract under the Program is awarded on the basis of the Program's procurement system, having due regard for principles of competition, economy and efficiency, transparency, and fairness and equal opportunity.<br>8. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure, that all Program Actions in the area of procurement are implemented in a timely and efficient manner.   |
| Environmental and Social Safeguards | 9. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure, that all Program Actions in the area of environmental and social safeguards are implemented in a timely and efficient manner.<br><br>10. (a) The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure that no construction or rehabilitation works under the Program involve significant adverse environmental impacts that may be classified as category A under the SPS. Prior to commencing any construction or rehabilitation works under the Program, the Borrower shall conduct, or cause the Program Executing Agency and the Implementing Agencies to conduct, a screening to ensure that any works that may be classified as category A for environment impacts within the meaning of SPS are excluded from the Program.<br><br>(b) The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure that the preparation, design, construction, implementation, operation and decommissioning of all activities under the Program comply with: (i) all applicable laws, regulations and guidelines of the Borrower relating to environment, health and safety; (ii) the Environmental Safeguards; and (iii) all measures and requirements, including monitoring requirements set forth in the Program Action Plan.<br><br>11. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure that the Program does not involve any resettlement risks or impacts within the meaning of the SPS. If due to unforeseen circumstances, the Program involves any such impacts, the Borrower shall ensure that the Program complies with (a) all applicable laws and regulations of the Borrower relating to resettlement; (b) Involuntary Resettlement Safeguards; and (c) all measures and requirements, including monitoring requirements set forth in the Program Action Plan.<br><br>12. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure that the preparation, design, construction, implementation, operation and decommissioning of all activities under the Program comply with: (a) all applicable laws and regulations of the Borrower relating to indigenous peoples; (b) Indigenous Peoples Safeguards; and (c) all measures and requirements, including monitoring requirements set forth in the Program Action Plan. |
| Gender and Social Equality          | 13. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure, that all Program Actions in the area of gender and social equality are implemented in a timely and efficient manner.  |
| Governance and Anticorruption       | 14. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure that the Program complies with the Anticorruption Guidelines and that all appropriate and timely measures are taken to prevent, detect and respond to allegations of fraud, corruption or any other prohibited activities relating to the Program in accordance with the Anticorruption Guidelines.<br><br>15. The Borrower shall, or cause the Program Executing Agency and the Implementing Agencies to (a) promptly inform ADB of any allegations of fraud, corruption or any other prohibited activities relating to the Program; and (b) cooperate fully with any investigation by ADB on such allegations and extend all necessary assistance, including providing access to all relevant records, for satisfactory completion of such investigation.<br><br>16. Within 90 days of the Effective Date, the Borrower shall, or cause the Program Executing Agency and the Implementing Agencies to update its public website to (a) provide information on bidding procedures, bidders, contract awards and physical progress of the Program; (b)   |

| Item | Assurances   |
|------|--|
|      | post the audited annual financial statements for the Program, as such financial statements become available; and (c) disseminate other relevant information on Program implementation. |

ADB = Asian Development Bank, PID = Program Implementation Document, SESP = School Education Sector Plan, SPS = Safeguard Policy Statement.

Source: Asian Development Bank

## IX. SUMMARY OF KEY OUTSTANDING ISSUES

**Table 17: Key Outstanding Issues and Actions**

| Number | Key Issues                         | Status in Addressing the Issues                                | Next Steps                                   | Responsible Agencies and People | Time Frame for Implementation |
|--------|------------------------------------|--|--|---------------------------------|-------------------------------|
| 1      | Finalization of JFA annexes        | DLI matrix is being drafted                                    | Loan/grant negotiations of JFPs              | JFPs and MOEST                  | December 2022                 |
| 2      | Finalization of joint TA framework | TA mapping from JFPs ongoing and results areas being confirmed | JFP meeting to discuss and finalize comments | Focal point of JFPs and MOEST   | December 2022                 |

DLI = disbursement-linked indicators, JFA = Joint Financing Arrangement, JFPs = joint financing partners, MOEST= Ministry of Education, Science and Technology, TA = technical assistance,

Source: Asian Development Bank.

## X. ACCOUNTABILITY MECHANISM

94. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted operations can voice and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures.<sup>25</sup> People who are, or may in the future be, adversely affected by a program supported by RBL may submit complaints to ADB's Accountability Mechanism. Before submitting a complaint to the Accountability Mechanism, affected people should make a good faith effort to resolve their problems and/or issues by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.

## XI. PROGRAM ORGANIZATIONAL STRUCTURE AND FOCAL STAFF

95. **Executing Agency.** MOEST is the Executing Agency and will provide overall leadership and guidance and be responsible for overall coordination of the SESP. SESP Steering Committee chaired by Secretary of MOEST, will be established with participation from Centre for Education and Human Research Development (CEHRD), Curriculum Development Center (CDC) Education Review Office (ERO), Teacher Service Commission (TSC), National Examination Board (NEB), Ministry of Finance (MOF), Financial Comptroller General Office (FCGO), National Planning Commission (NPC), Ministry of Federal Affairs and General Administration, and representation from provincial and local governments. Joint Secretary of MOEST's Planning Division will serve as Member Secretary of the SESP Steering Committee. The Steering Committee will create technical and/or sub-committees as necessary. The Steering Committee will be responsible for (i) providing directions for program policy and reforms; (ii) overseeing overall program implementation and providing operational guidance; (iii) providing guidance to CEHRD for preparation of SESP annual strategic Implementation plan (ASIP) and the annual work plan and budget (AWPB); (iv) providing guidance for addressing implementation-related constraints and

<sup>25</sup> ADB. 2012. [Accountability Mechanism Policy 2012](#). Manila.

bottlenecks; (v) reviewing progress on the fulfilment of yearly targets on program results framework (PRF), disbursement-linked indicators (DLIs), program action plan (PAP), and Technical Assistance (TA); and (vi) addressing critical inter-ministerial and inter-government policy and coordination issues. The Steering Committee will meet at least twice a year.

96. The Development Aid Coordination Section of MOEST will function as the program coordination secretariat (PCS) for the SESP, which will ensure overall coordination for smooth implementation of joint financing arrangement (JFA) signed between the Government of Nepal and the joint financing partners (JFPs) and bilateral agreements of the local education development partners group (LEDGP). The TA, which is externally financed by LEDGP as part of the SESP, will be managed through the PCS. The joint TA framework will guide the overall TA coordination and management.

97. **CDC:** CDC of MOEST at federal level is responsible to develop the national curriculum framework for school education and set standards of the curriculum for grades 1–12. Based on the curriculum, it develops and approves the textbooks along with teaching and learning materials, and teacher guides to implement the curriculum. CDC develops benchmarks of learning competency and assessments (both formative and summative) for school education. It is also responsible for providing letters of accreditation and equivalence for foreign degrees.

98. **ERO:** ERO of MOEST at federal level assesses the level of student learning achievement in various grades to improve the quality of education and conducts independent performance audit of schools and institutions under the MOEST system to promote the accountability of the institutions.

99. **TSC:** TSC is an independent agency in school education. It is responsible for issuing teacher licences, managing teacher selection for permanent teacher positions and their career promotion.

100. **NEB:** NEB is an independent agency in school education. It is responsible for undertaking external public examination of grade 12 and setting standards for grade 8 and 10 external public examinations. The NEB is responsible for improving the efficiency, quality and overall standards of external public examinations.

101. **Federal Level Implementing Agency.** CEHRD will be the implementing agency of SESP at the federal level. The CEHRD will coordinate and manage the program including preparation of ASIP and AWPB for the program, consolidation of program reporting at federal, provincial, and local government levels in close coordination with and support from the CDC, ERO, and NEB. Under the guidance of Director General of CEHRD, the SESP focal division will be assigned. CEHRD will (i) formulate ASIP and AWPB for the school sector interventions, (ii) prepare program implementation manual for guidance to local governments to implement the ASIP and AWPB (ii) support program implementation at provincial and local government (iii) supervise and coordinate SESP activities to ensure that result areas and DLIs are achieved and reported in a timely fashion, (v) supervise, monitor and ensure that social and environmental safeguards, and fiduciary management requirements are met including preparation of the consolidated status reports, FMRs, and annual FMS, annual; (vi) consolidate all required physical and financial reporting from local governments and provincial governments and provide periodic progress reports on the DLIs, PAP, and other performance indicators including annual, and (vii). A technical working committee at CEHRD chaired by the Director General will be formed to ensure coordination among the different focal units responsible for the results of the PRF, DLIs, and the PAP.

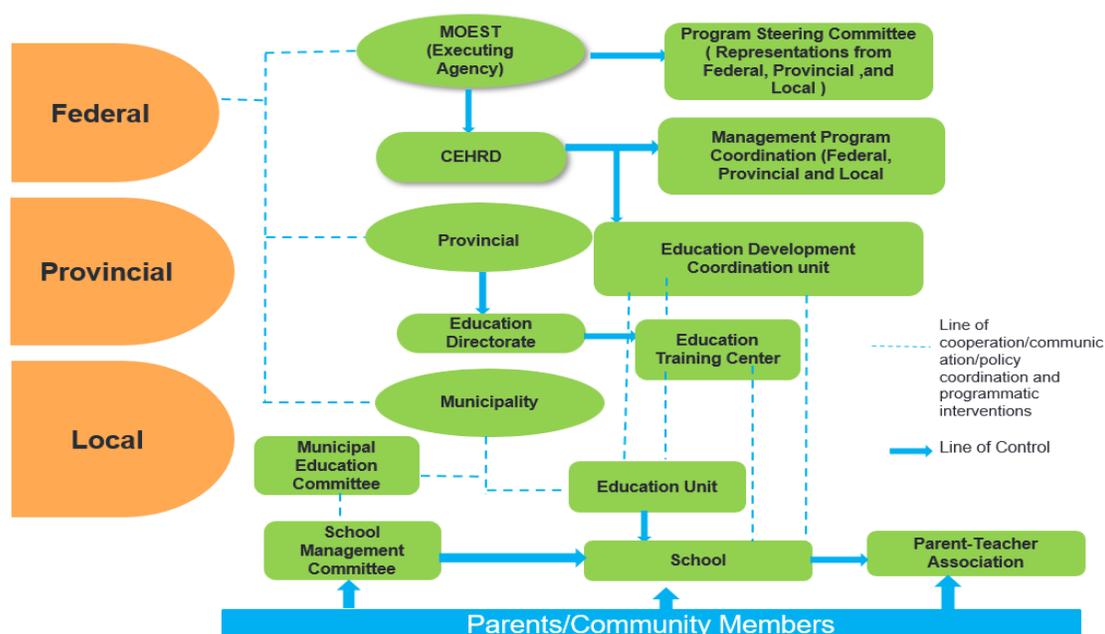
102. **Provincial Ministries responsible for education.** These ministries are the implementing agencies at the provincial level. The Provincial Education Development Directorates (PEDD) of these ministries will support implementation of SESP in (i) managing Secondary Education Examination (grade 10 external public examination) under the guidance of the NEB and (ii) teacher selection examinations, conducted by the TSC. The provincial Education Training Centers (ETCs) under these ministries will conduct SESP's in-service teacher professional development program and coordinate with district-based Education Development Coordination Units (EDCUs) and Local Governments to conduct customized short-term teacher training and school-based teacher support mechanisms.

103. **EDCU.** The 77 district-level EDCUs will work as technical support units for local governments and facilitate provincial ETCs on in-service teacher professional development and local government based customized teacher professional training and school-based teacher support system. The EDCU will facilitate local governments in submission of all progress reports of the SESP in a timely manner and will provide technical backstopping to local governments as required. They will also provide SESP's program management and reporting training to the local governments and schools as required in coordination with local governments.

104. **Implementing Agency (Local Governments).** 753 local government will implement the SESP as per the SESP's ASIP and AWPB and the program implementation manual. The Education Unit within the local government headed by an education officer will ensure implementation of the SESP activities in line with program implementation manual. The local governments will send the SESP's required physical and financial reports to the federal government for consolidation. It will also ensure quality assurance of activities undertaken at the school level including school's data entry in education management information system. The local governments will conduct basic level examination (grade 8 external public examination) under the technical guidance of the NEB.

105. **Schools.** The more than 27,000 schools are the ultimate implementing units of all SESP activities and are responsible for timely reporting of education and financial progress against the grants received, including the biannual updating of the school level EMIS. They have an elected, inclusive School Management Committee, comprising of parents, local educationists, head teacher and teacher representative, which is responsible for the overall governance and day-to-day management of the school. Likewise, schools have a Parent Teacher Association that is responsible for overseeing the quality-related aspects of the school and for conducting the school's social audit for transparency and accountability.

Figure 2: Organizational Structure



## 106. Program Officers and Focal Person

## 1. Initial Arrangements

Table 18: Program Officers and Focal Persons

| Number | Key Government Staff and Positions              | Key ADB Staff and Positions                                   |
|--------|---|---|
| 1      | Mr. Ram Krishna Subedi, Secretary, MOEST        | Gi Soon Song, Director, SAHS, SARD                            |
| 2      | Mr. Ishwori Prasad Aryal, Joint Secretary, MOF  | Rudi Van Dael, Principal Social Sector Specialist, SAHS, SARD |
| 3      | Mr. Hari Prasad Lamsal, Joint Secretary, MOEST  | Smita Gyawali, Senior Project Officer (Education), NRM, SARD  |
| 4      | Mr. Choodamani Paudel, Director General, CEHRD  | Koichi Takei, Senior Counsel, Office of the General Counsel   |
| 5      | Mr. Jaya Prasad Acharya, Under Secretary, MOEST |   |

CEHRD = Center for Education and Human Resource Development, MOEST = Ministry of Education, Science and Technology, MOF = Ministry of Finance, NRM = Nepal Resident Mission, SAHS = Human and Social Sector Division, SARD = South Asia Regional Department.

**DRAFT JOINT FINANCING ARRANGEMENT**

Link: [Joint Financing Arrangement](#)

## **INDICATIVE TERMS OF REFERENCE FOR INDEPENDENT VERIFICATION AGENCY**

### **I. BACKGROUND**

1. The School Education Sector Plan (SESP, FY2022–2027) is being supported in a sector-wide approach (SWAp). Ministry of Education, Science and Technology (MOEST) is the executing agency and Centre for Education and Human Resource Development (CEHRD) is the federal implementing agency, while 753 local governments are local level implementing agencies. Joint financing partners (JFP) have developed jointly a framework of support to SESP to harmonize coordination, monitoring of implementation, release of funds and other aspects of the program through the Joint Financing Arrangement (JFA), which is signed by the head of each of the respective organization of JFPs. The JFPs are financing the SESP through results-based and program-based modalities. For the JFPs following the results-based financing, disbursement will be based on achievement of specific results defined as disbursement-linked indicators (DLIs).

#### **A. A Joint DLI Framework**

2. The JFPs, financing through the results-based modality, subscribe to a common DLI Framework with a consolidated DLI matrix, consisting of DLIs, which are drawn from the SESP Program Results Framework (PRF) outlining key targets and achievements over the 5-year period. In the spirit of results-based financing, the DLI matrix incorporates key results that must be achieved annually. The CEHRD will prepare the DLI achievement report against each of the DLIs periodically. An independent verification agency will be mobilized by the government (MOEST/CEHRD) to verify the DLI achievements. Based on the review of the verification report of the DLI achievements, the JFPs will release funds earmarked against the achievement of the specific DLI targets.

#### **B. Independent Verification Agency**

3. The verification of the achievement of the DLI targets reflected in the joint DLI matrix will be carried out by an independent verification agency (IVA) commissioned by the government. The selection of the IVA will be based on, among others, capabilities to carry out the verification processes, potential for a medium to long-term engagement and capacity building in the government system, and the ability to act as fully independent of the implementing agency (IA).

### **II. PURPOSE AND OBJECTIVES**

4. The purpose of the IVA is to provide an independent verification of the achievement of the DLIs, based on the DLI achievement report prepared by the MOE. The verification should be based on review by concerned experts on objective criteria and verification of whether a DLI target has been achieved fully, partially or not. This includes the following dimensions:

- (i) Different kinds of DLIs: some that are absolute – can be disbursed in total or not at all; some that can be rolled over if not met in the specific year; some that can be met partially, thereby triggering partial disbursements; and
- (ii) Different kinds of verification procedures: some which require only desk study and confirmation and some that require field-based sample verification and some which require qualitative research.

5. The objective of the IVA is to verify to what extent the DLIs as defined in the joint DLI matrix and respective protocols reflected in the bilateral agreements have been achieved and properly documented. The verification report by the IVA of the DLI achievement report by the

CEHRD/MOEST is a crucial document for the JFPs to review in each joint review meeting (JRM) in November and budget review meeting (BRM) in March of every year. If some DLIs were not met or only partially met, the IVA may provide additional verification reports as and when the DLIs are met for disbursement by the JFPs. The verification report by the IVA forms the basis for the endorsement of DLIs achievement by the JFPs during JRMs/BRMs and to confirm disbursement. While the IVA's verification report will indicate to what extent the yearly DLI targets are met, the final approval of disbursements is responsibility of the individual JFPs that have the respective DLIs reflected in their bilateral agreements with the government of Nepal.

6. Following process should be followed:
  - (i) MOEST/CEHRD shares the DLI achievement report with the IVA and the JFPs
  - (ii) IVA shares with the MOE/JFP a clear plan for DLI verification
  - (iii) IVA carries out its verification tasks as per the TOR/protocol (including the field-based verification)
  - (iv) IVA submits the verification report to the MOEST/CEHRD
  - (v) IVA report submitted

### **III. SCOPE OF WORK AND METHODOLOGY**

#### **A. Scope of Work**

7. The scope of work of the IVA is as follows:
8. **Inception report and annual comprehensive plan for verification**
  - (i) Prepare an inception report
  - (ii) Prepare a comprehensive and systematic annual work plan and methodology for the verification of each of the annual DLI targets
9. **Periodic DLI achievement review**
  - (i) Study the periodic DLI achievement report submitted by the MOEST/CEHRD
  - (ii) Review if all the deliverables under each of the DLIs to be met as explained in the DLI verification protocol are reported with documental evidence.
  - (iii) Review by concerned experts if the submitted documental evidences are complete in form and content as defined in the verification protocol (see Annex XX for details).
  - (iv) Carry out study, evaluation including sample survey and physical verification of a number of DLIs achievement strictly following the provisions for such study and evaluation, and physical verification as explained in the verification protocol.
  - (v) Interaction with stakeholders, as necessary,
  - (vi) Prepare a verification report of whether a DLI is fully achieved, partially achieved or not and submit to the MOE. This format can be revised upon mutual understanding among the implementing agency, the JFPs and the IVA.

#### **B. Methodology**

10. The verification process will involve:
  - (i) The IVA prepares a detail work plan and shares with the MOEST/CEHRD and the JFPs for review and possible supports required during the verification process – this may include alerting local level agencies, schools, stakeholders; and other required preparations for verifications.

- (ii) Detailed methodology for each verification aligned with the requirements stated in annex 1, including sampling methodology and selection of a sample size for survey, if a survey is required for a particular DLI, will be agreed upon with the MOEST/CEHRD and the JFP. The IVA will implement the agreed sampling methodology.
- (iii) Desk review of documents related to the achieved DLIs
- (iv) Additional studies, evaluation including sample surveys and physical verifications of a number of DLIs consistent with the verification protocol.
- (v) Triangulation of findings from other possible sources if required including interviews, discussions with relevant agencies and individuals
- (vi) Clarification about the protocols and other details if required with the implementing agencies, JFPs and other stakeholders
- (vii) Physical verifications including sample survey following each DLIs protocol requirements will be carried out in an integrated manner so that all related tasks could be taken care of during the same field visit or survey.
- (viii) The IVA will submit the report with the MOEST/CEHRD for submission to JFPs.

### C. Support from the MOEST/CEHRD

11. In order to facilitate the verification including surveys on a regular basis, the MOEST/CEHRD will provide necessary support while making sure that the independency of the verification is intact. MOEST/CEHRD support would include but not limited to:

- (i) Submission of DLI achievement report
- (ii) Submission of necessary supporting documents
- (iii) Provide other necessary data
- (iv) Organize team meeting for clarification if any
- (v) Facilitate coordination with related agencies and stakeholders to carry out surveys/visits/interviews by the IVA
- (vi) Make necessary payment as agreed in the contract/MOU

## IV. DELIVERABLES

### A. Inception Report

12. The report will include based on the requirement of each of the DLIs to be verified detailed methodology following each DLI protocols. The IVA will submit to the MOE and the JFPs the inception report within 2 weeks of contract/MOU signing for review. Revised inception report incorporating the MOEST/CEHRD comments will be submitted in 4 weeks after the contract signing.

*Note: Further to the revised inception report, the details of sampling methodology for physical verifications including sample survey/size for a number of periodic DLIs will be agreed upon with the MOEST/CEHRD and the JFPs before the submission of the **Periodic DLI** achievement report by the MOEST/CEHRD.*

### B. Periodic DLI Verification Report

13. These reports will contain a detailed verification for the DLIs claimed in the GON's periodic SSDP DLI achievement reports.

## GUIDELINES TO PREVENT OR MITIGATE FRAUD, CORRUPTION, AND OTHER PROHIBITED ACTIVITIES IN RESULTS-BASED LENDING FOR PROGRAMS

### A. Purpose and General Principles

1. The developing member country (DMC) is responsible for the implementation of programs supported by results-based lending (RBL). The Asian Development Bank (ADB) has a fiduciary responsibility to ensure that its loans and other forms of financing used only for the purposes for which they were granted, in accordance with the Agreement Establishing the Asian Development Bank (the Charter).<sup>1</sup> To uphold that obligation, ADB presents these guidelines to prevent or mitigate fraud, corruption, and other prohibited activities (referred to as ‘integrity violations’ in ADB’s Integrity Principles and Guidelines, 2015 as amended from time to time, or ‘IPG’ for brevity) in RBL operations financed in whole or in part by ADB. These guidelines build upon the legal obligations presented in the loan agreement and apply to operations funded by the RBL (the programs).<sup>2</sup>

2. These guidelines do not limit any other rights, remedies, or obligations of ADB or the DMC under the loan agreement or any other agreement to which the ADB and the DMC are both parties.

3. All persons and entities participating in the programs are bound by ADB’s Anticorruption Policy (1998, as amended to date) and the IPG, and as such must observe the highest ethical standards; take all appropriate measures to prevent or mitigate fraud, corruption, and other integrity violations; and refrain from engaging in such actions in connection with the programs.

### B. Definitions

4. These guidelines address the following practices as defined by ADB:

- (i) A “corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.
- (ii) A “fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit, or to avoid an obligation.
- (iii) A “collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.
- (iv) A “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

5. In addition, ADB may investigate conflicts of interest and abuse, as defined below, as well as other integrity violations enumerated and defined in the IPG:

- (i) A “conflict of interest” is a situation in which a party has interests that could improperly influence a party’s performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations. To the extent that conflicts of interest may provide an unfair competitive advantage or

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<sup>1</sup> ADB. 1966. *Agreement Establishing the Asian Development Bank*. Manila.

<sup>2</sup> ADB may support a part (or a slice) of a government program or the entire government program through RBL. The program or the part that is supported by the RBL is referred to as the RBL program.

compromise the integrity of financial and governance systems, conflicted persons and entities must be excluded from participating in relevant program activities.

- (ii) “Abuse” is theft, waste or improper use of assets related to ADB-related activity, either committed intentionally or through reckless disregard.

### **C. Developing Member Country’s Actions to Prevent Fraud, Corruption, and Other Integrity Violations in Results-Based Lending for Programs**

6. Unless otherwise agreed in writing by the DMC and ADB, the DMC will take timely and appropriate measures to:

- (i) ensure that the program is carried out in accordance with these guidelines;
- (ii) avoid conflicts of interest in the program;
- (iii) prevent fraud, corruption, and other integrity violations from occurring in the program, including adopting, implementing, and enforcing appropriate fiduciary and administrative practices and institutional arrangements to ensure that the proceeds of the loan are used only for the purposes for which the loan was granted;
- (iv) promptly inform ADB of allegations of fraud, corruption, and other integrity violations found or alleged related to a program;
- (v) investigate allegations of fraud, corruption, and other integrity violations and report preliminary and final findings of investigations to ADB;
- (vi) respond to, mitigate, and remedy fraud, corruption, or other integrity violations that are found to have occurred in a program and prevent its occurrence;
- (vii) cooperate fully with ADB in any ADB investigation into allegations of fraud, corruption, and other integrity violations related to the program, and take all appropriate measures to ensure the full cooperation of relevant persons and entities subject to the DMC’s jurisdiction in such investigation, including, in each case, allowing ADB to meet with relevant persons and to inspect all of their relevant accounts, records and other documents and have them audited by or on behalf of ADB; and
- (viii) ensure that persons or entities sanctioned or temporarily suspended by ADB do not participate in RBL programs in violation of their sanction or temporary suspension.

### **D. ADB’s Actions to Prevent Fraud, Corruption, and Other Integrity Violations in Results-Based Lending for Programs**

7. Unless otherwise agreed in writing by the DMC and ADB, ADB will:

- (i) inform the DMC of credible and material allegations of fraud, corruption, and other integrity violations related to a program, consistent with ADB’s policies and procedures;
- (ii) have the right to investigate allegations, in accordance with the IPG, independently or in collaboration with the DMC, including, in each case, meeting with relevant persons, and inspecting all of their relevant accounts, records and other documents and having them audited by or on behalf of ADB;
- (iii) inform the DMC of the outcome of any investigation, consistent with ADB policies and procedures;
- (iv) have the right to impose sanction and other remedial action on any individual or entity for engaging in practices defined above, or to temporarily suspend any individual or entity during the course of an investigation, in accordance with ADB’s policies and procedures; sanctions and temporary suspensions may result in that

- party's exclusion from participating in an RBL-financed activity or any other ADB-related activity indefinitely or for a stated period of time;<sup>3</sup>
- (v) assess ways to respond pursuant to the Anticorruption Policy and other ADB policies and procedures, and may refer the case to appropriate authorities of a concerned DMC, if investigative findings indicate that a government official has engaged in fraud, corruption, and other integrity violations related to a program; and
  - (vi) recognize sanctions determined by other multilateral development banks in accordance with the Agreement for Mutual Enforcement of Debarment Decisions.

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<sup>3</sup> Pursuant to ADB's Integrity Principles and Guidelines (2015, as amended from time to time), if a sanctioned party has an ongoing contract financed by ADB, the debarment or temporary suspension may not affect existing contractual obligations. However, any contract variation must be endorsed by OAI to ensure that a contract variation involving a sanctioned or temporarily suspended party is not an attempt to circumvent the sanction.