



Technical Assistance Report

INTERNAL

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Transaction Technical Assistance (TRTA)
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Nepal: Enhanced Policy and Program Implementation in School Education

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 18 October 2022)

Currency unit	–	Nepalese rupee/s (NRe/NRs)
NRe1.00	=	\$0.0076
\$1.00	=	NRs131.7680

ABBREVIATIONS

ADB	–	Asian Development Bank
JFA	–	Joint Financing Arrangement
MOEST	–	Ministry of Education, Science and Technology
NEB	–	National Examination Board
RBL	–	results-based lending
SESP	–	School Education Sector Plan
SWAp	–	sector-wide approach
TA	–	technical assistance

NOTE

In this report, "\$" refers to United States dollars.

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I. THE PROPOSED PROJECT

1. In line with Nepal's long-term vision and its commitment to the Sustainable Development Goals, the Ministry of Education, Science and Technology (MOEST) developed the School Education Sector Plan (SESP) for 2021–2030, and plans to implement the first 5 years—fiscal year (FY) 2023 to FY2027—through a sector-wide approach (SWAp) using pooled and non-pooled resources of development partners.¹

2. The Asian Development Bank (ADB) will help implement the SESP by signing the joint financing arrangement (JFA) as a pooled partner in the SWAp using results-based lending (RBL).² The SESP's outcome will be a well-governed, capable, and accountable public school education system for relevant and quality education comparable to international standards. The 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. ADB and the other JFA partners will prioritize results to be achieved for the effective implementation of SESP outputs. The RBL program's impact—more competent and qualified citizens—is aligned with the SESP. The outcome—equity, quality, and resilience of school education strengthened—is achieved through four outputs: (i) learning provisions for basic and secondary education enhanced; (ii) teaching and learning in basic and secondary schools strengthened; (iii) learning recovery accelerated; and (iv) education planning, monitoring, and reporting by local governments improved.

3. The RBL program is aligned with ADB's Strategy 2030 and four of its 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, 2020–2024 for Nepal and to Sustainable Development Goals 1, 4, 5, 10 and 13.³ The RBL is estimated to cost \$200 million. The technical assistance (TA) was identified and mobilized to enhance policy and program implementation in school education.⁴

II. THE TECHNICAL ASSISTANCE

A. Justification

4. The transaction TA will support the implementation of the SESP–JFA priority areas of policy, program, and system development within the SWAp. The SESP is implemented in the federal context, involving 753 local governments as major players in the management of school education. The need for technical and human resource capacity to implement the SESP effectively is high. By leveraging the available resources of the SESP, the TA will prioritize key

¹ Prepared in 2021 and endorsed in 2022, the SESP will be implemented from FY2023. The pooled resources of the development partners for the support of the SESP are governed by the Joint Financing Arrangement (JFA), signed between the government and the development partners. The development partners signing the JFA are called the joint financing partners. They are ADB, European Union, Finland, Global Partnership for Education, Norway, United States Agency for International Development, United Nations Children's Fund (UNICEF), and the World Bank. The non-pooled resources are provided by development partners outside the JFA, and by international and national nongovernment organizations.

² The JFA is the memorandum of understanding between the Government of Nepal and the development partners who are pooling the resources to finance the first 5 years of the SESP.

³ ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila; and ADB. 2020. [Country Partnership Strategy: Nepal, 2020–2024](#). Manila; and United Nations. 2015. [Sustainable Development Goals](#). New York.

⁴ The indicative country pipeline and monitoring report, 2023–2025 is under preparation.

transformative and inclusive innovations in examinations, 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 TA is proposed to be attached, rather than a part of the RBL loan, to allow for specialized technical consultant inputs, and management and close supervision by ADB, which are required to spearhead the highly technical areas envisaged under the TA.

B. Outputs and Activities

5. **Output 1: Coordination and program management of the SESP improved.** The aim is to (i) ensure coordination for the implementation of the SESP–JFA among local education development groups and the government, (ii) provide program monitoring support for program results and disbursement-linked indicators, and (iii) deepen policy dialogue on improving local governments' education financing (supported by the Government of Norway). The key activities include coordinating development partners and the government during ADB's role as the focal point, monitoring key results, and preparing a guidance note to the government on revising the grant formula to improve the effectiveness and efficiency of education financing under fiscal decentralization.

6. **Output 2: Technical and institutional capacity strengthened.** The aim is to build capacity and (i) strengthen the examination system by improving the business process through automation and quality of test items, (ii) develop twinning arrangement with the universities for technical collaboration in examination, and (iii) advance online teaching and learning by improving content and use of the existing online learning portal, *Sikai Chautari*. These interventions are system innovations designed to improve the quality of education. Key activities involve (i) reinforcing the web-based software platform for test item development, publication of test papers, and management of results by the National Examination Board (NEB);⁵ (ii) creating a pool of technical experts in test item development, moderation, and implementation so that test items for grades 8 and 12 are continuously improved; (iii) providing capacity development as necessary to local governments and schools on the improved examination system, (iv) preparing a memorandum of understanding with universities for technical collaboration with NEB; (v) supporting the development of high-quality e-resources in *Sikai Chautari* for core subjects of basic and secondary education, and (vi) completing and disseminating a study on the equitable and inclusive usability of *Sikai Chautari*.

7. **Output 3: Program results monitoring and reporting system enhanced.** The aim is to conduct a fiduciary review at least twice during the SESP–JFA implementation and to strengthen the reporting systems of local governments by building on the innovations in financial management reporting initiated during the predecessor School Sector Development Plan (2016–2022). This involves (i) establishing and operationalizing improved physical and financial reporting systems in local governments, (ii) building the capacity of 753 local governments for education-related physical and financial reporting, and (iii) conducting at least two annual fiduciary reviews. Output 3 is supported by the Government of Norway

8. The use of information and communication technology to automate the business processes at the NEB and improve the teaching and learning materials in online portal *Sikai*

⁵ 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.

Chautari is a value addition and an innovation in education system development. The planned twinning arrangements with universities are a step forward in improving much-needed human resource capacity for specialized technical work in the standardization of examination.

C. Cost and Financing

9. The TA financing amount is \$1.6 million, of which (i) \$1.0 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 administered by ADB. The key expenditure items are listed in Appendix 1. The government will provide counterpart support in the form of counterpart staff, office space, coordination assistance, and other in-kind contributions.

D. Implementation Arrangements

10. MOEST will be the executing agency. ADB's South Asia Department will administer, select, supervise, and evaluate consultants in close coordination with MOEST and the joint financing partners (TA Framework). The TA will be implemented over 5 years, from December 2022 to December 2027.

11. The implementation arrangements are summarized in Table 2.

Table 2: 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 (international, 9 person-months; national, 4 person-months)	\$248,000.00
	Firm: CQS	Fiduciary review firm (international, 3 person-months; national, 8 person-months)	\$102,000.00
	Firm: CQS	Fiduciary management and capacity development firm (national, 32 person-months)	\$251,000.00
	Individual: individual selection	International (6 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.		

Aspects	Arrangements
Disbursement	Disbursement of TA resources will follow ADB's <i>Technical Assistance Disbursement Handbook</i> (2020, as amended from time to time). Disbursement of TA resources from the grant provided by Government of Norway administered by ADB will follow ADB's <i>Technical Assistance Disbursement Handbook</i> (2020, as amended from time to time) for specific consulting packages specified in the cofinancing agreement and the linked TA document with the terms of reference.

ADB = Asian Development Bank; CQS = consultant's qualification selection; MOEST = Ministry of Education, Science and Technology; OAT = open assessment technologies, QCBS = quality- and cost-based selection; TA = technical assistance.

Source: Asian Development Bank.

12. **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.⁶ The consulting inputs total 146 person-months (18 person-months of international and 128 person-months of national inputs). Single-source selection is proposed for the recruitment of the examination and item banking software team from Open Assessment Technologies, S.A. (OAT) in Luxembourg, in partnership with the United Kingdom's National Education Foundation Research. This is justified because (i) the tasks are a continuation of the work initiated under earlier, still ongoing TA (footnote 5), which involves the installation of software by OAT in phase one, and the customization of a test generation module in the same software in phase two; (ii) OAT was chosen for that first phase through consultant's qualification selection;⁷ and (iii) OAT has proven its technical competence when installing the examination software and providing capacity development, and is considered as one of the world leaders in examination system improvements.

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

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

⁶ Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 2).

⁷The invitation for expressions of interest was published on 5 December 2021; shortlisting of six expressions of interest took place on 4 March 2022; and the consultant's qualification selection of OAT was conducted among two shortlisted firms. The contract amount is \$198,300, and the contract period is 20 June–15 December 2022.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
A. Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	225,700.00
ii. National consultants	516,750.00
b. Out-of-pocket expenditures	
i. International and local travel	34,550.00
ii. Training, seminars, and conference	54,000.00
2. Training, seminars, and conferences	125,000.00
3. Survey and studies	25,000.00
4. Contingencies	19,000.00
Subtotal (A)	1,000,000.00
B. Government of Norway^b	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	106,000.00
ii. National consultants	176,600.00
b. Out-of-pocket expenditures	
i. International and local travel	19,400.00
ii. Surveys	15,000.00
iii. Training, seminars, and conferences	103,000.00
2. Miscellaneous technical assistance administration costs ^c	165,000.00
3. Contingencies	15,000.00
Subtotal (B)	600,000.00
Total	1,600,000.00

Note: The technical assistance (TA) is estimated to cost \$1.6 million, of which contributions from the Asian Development Bank (ADB) 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.

^a Financed by ADB's Technical Assistance Special Fund (TASF-7).

^b Cofinancing, administered by ADB.

^c This will include ADB administration charge, foreign exchange gain and loss, and audit as per the cofinancing agreement.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=49424-002-TARreport>

1. Terms of Reference for Consultant