

Aide Memoire

Joint Donor Review Mission - BPEP II (26 March - 06 April 2001)

About the Mission

Background

1. The national reform program, Basic and Primary Education Program II, started in 1998 and with basket-funding from July 1999. The donors providing support to BPEP II to a common 'basket' for integration into His Majesty's Government's (HMG's) budget for education, are Denmark, EC, Finland, International Development Association (IDA) and Norway. This arrangement is referred to as the Core Investment Program (CIP). Denmark, EC, Finland, Norway and UNICEF provide technical assistance in relation to CIP, referred to as the TA sub-basket. Japan (JICA) and Asian Development Bank (ADB) provide support to BPEP II under separate agreements. It has been agreed between HMG and the donors that all review missions will be undertaken jointly twice in a year to ensure coordination between all partners involved. Earlier missions of this kind took place 20-30 May and 17-29 November 1999, 10-19 May and 13-24 November 2000.

Timing of next mission and Lead agency for year 2002

2. The next joint review mission will follow the Tihar Holidays in November 2001. Finland will assume the role of coordinator and mission team leader I 2002, and EC in 2003.

Purpose and organization of the mission

3. The main purpose of this mission was to review the work plan and budget including the Annual Strategic Implementation Plan (ASIP) for the financial year 2001/02 for donor funding. The mission did also discuss the organization of, and the preparations for, the next Joint donor mission to be held in November 2001 and the Mid Term Review of BPEP II. The detailed purpose and scope of work of the review are outlined in the Terms of Reference, agreed between the donor and HMG.
4. The mission worked in direct collaboration with MOES/DOE and the Heads of delegations met with Hon. Member for Social Sectors of the National Planning Commission and Under Secretary of the Foreign Aid Division, Ministry of Finance. A draft version of the Aide Memoire was discussed with MOES/Department of Education (DOE) and the final version presented at a wrap up meeting 5 April 2001

Strategic Planning

Policy and strategy development

5. The World Declaration on Education for All (EFA) policies were the basis for defining the objectives and strategies of BPEP. Since the Dakar World Forum on EFA (April 2000), in which Nepal was represented by the Minister of Education, HMG has initiated the process to develop a National Plan of Action for achievement of education for all by 2015. The plan will, in accordance with the Dakar Framework for Action, be finalized in 2002.
6. The mission was informed that HMG will incorporate the National Plan of Action on EFA into the 10th National Five-year Plan (2002-2007), and that BPEP policies and strategies will form an integral part of that plan. The donors wish to put on record their strong support for this development. It is expected, that these plans be made available, even in draft form to provide the basis for joint discussions on how best to ensure that they are reflected in the ASIP (expected to be prepared in January 2002) for fiscal year 2002/03. This should be taken into consideration by the Mid Term Review of BPEP II.

The Annual Strategic Implementation Plan (ASIP) 2001/02

7. Through a participatory approach DOE had prepared an Annual Strategic Implementation Plan (ASIP) for the FY 2001/02 for review by the mission. The present ASIP reflects its key purpose of providing monitoring guidelines of implementation of the complex BPEP II program, although its linkage with the Annual Work Plan and Budget needs to be further developed. The mission was informed that, because of time constraints ASIP and Annual Work Plan and Budget (AWPB) were developed in parallel. The mission strongly supports the view expressed by DOE that in the future the ASIP will be developed first and used as a basis for subsequent development of the AWPB.
8. The ASIP incorporates overall policy trends but does not translate these fully into implementation requirements. It also incorporates a self-assessment revealing a number of institutional weaknesses which need to be addressed, as well as key strategies to meet implementation constraints. The implications for program implementation were, however, not defined in operational terms in the ASIP.
9. The mission appreciates that the strategic part has been given priority in the preparation of the ASIP this time and accepts that only a few specimens of the detailed activity plans have been translated into English. The mission recommends that future ASIPs give more attention to education quality improvements in the BPEP programme. Strategies related to reaching school-aged children of disadvantaged and remote groups would also need to be further developed. This, combined with a strong focus on narrowing the gender gap, still apparent in access, is perceived as an important step in meeting EFA targets. To make this happen, capacity development is required at all levels.

10. The mission appreciates that the DOE has recently formulated and disseminated guidelines to enhance the effective participation of Community Services Providers (CSPs) in selected areas of BPEP activities.

The Technical Assistance (TA) sub-basket

11. The TA sub-basket provides considerable human and financial resources in support of the implementation of BPEP II. The term "sub-basket" does not refer to a pooling of resources in the same way as the CIP basket, but to a utilization in a planned and coordinated manner. For such coordinated utilization to occur, new initiatives for TA would need to be part of the annual strategic planning for BPEP II. As part of the ASIP process, MOES/DOE and other central agencies, in cooperation with the donors, should undertake a joint annual TA-planning exercise, covering all major sources of TA to the sub-sector. For the donors to be able to respond in a coordinated way during the annual planning, and during the course of the year, a clearing house mechanism would be required. The BPEP local Donor Group would be well placed to perform that function.

Support to the sub-sector from JICA, UNICEF and ADB

12. The support to basic and primary education from JICA and UNICEF is reflected in the Annual Work Plan and Budget for 2001/02. The mission finds the support from those agencies to be well targeted on the basis of the Policy Framework for the sub-sector. One of the activities supported by UNICEF is the Dual Audience Interactive Radio being piloted by the Distance Education Centre (DEC). The mission recommends that DOE, DEC and development partners review this modality to assess its utility related to quality development of teacher training.
13. In March 2001, HMG Nepal and the Asian Development Bank signed a Memorandum of Understanding for completing final preparations of the Teacher Education Project (TEP). This project is designed to provide inputs to the primary education sub-sector through training of primary school teacher. With a view to retaining the holistic sub-sector approach being followed in primary education, the Government and donors - ADB, Denmark, European Commission, Finland, International Development Agency, Japan, Norway and UNICEF - have agreed on the following:
 - In the line with a suggestion made by the CIP donors, it was agreed that the Steering Committee envisaged under TEP will be subsumed with the Programme Execution Board of the BPEP with a modified membership to include NCED and DEC.
 - ADB clarified that the TEP was designed to be implemented through NCED's regular administrative structure. They agreed to a suggestion regarding provision of a consultant instead of a regular appointment for procurement and to the abolition of the designation of Programme Manager.
 - It was agreed that the primary purpose of coordination was to ensure joint sub-sector planning. It was also agreed that ADB would participate in the joint donor mission - at least for the planning exercise relating to teacher training and management - and in local donor meetings. This would assist donor coordination and consensus building, but allow implementation according to financial procurement guidelines of the ADB. ADB also clarified that the CIP donors

could participate in the TEP review missions. The coordination between the various Government agencies participating in the sub-sector development is to be further strengthened through a coordinating committee. ADB clarified that coordination mechanisms through coordination Committee were already in the TEP design at the national level as well as at the PTTC level with full flexibility for inclusion and adaptation as required from time to time.

- The mission recommends that future ADB support to Teacher Education from 2002/03 onwards be co-planned with the CIP support and reflected in the budget.

Staff requirements and institutional development of DOE

14. With reference to a committee set up by HMG to address the issues of transfer and retention of staff, the November 2000 Mission requested the Government to adhere to a policy of limiting the frequent transfers of key staff. This mission appreciates that the Ministry of Education and Sports by a letter to the coordinating donor agency has committed itself to the proposed principles and benchmarks.
15. Staffing requirements in DOE being reviewed by the Public Expenditure Review Commission (PERC). While taking into account the recommendations and suggestions of PERC, there is a need for DOE to assess the number of staff needed in professional and administrative posts, and the qualifications required to effectively fill these posts. The framework for design of such assessment and, subsequently, a plan for systematic development of the DOE, with due reference to improved gender equity, would be the Institutional Analysis and the Human Resource Development (HRD) plan expected to be available in August 2001. The assessment would be expected to include permanent and temporary staff. With regard to the temporary staff category, the assessment would be a basis for conclusion on the optimal size and design of DOE facilities, or extension of the existing structure.
16. The donor group is also concerned regarding the continued financing of large numbers of temporary administrative staff and requests an assessment be designed and initiated immediately after the present review mission to ensure finalization before the end of July 2001 and for action on staffing to correspond to the available resources in the budget.

Annual Work-plan and Budget for 2001/02

Compatibility with HMG Policy Framework

17. While the overall activities in the budget are in line with the policy framework, there is concern that a key component of the strategy, the creation of enabling environments for quality teaching and learning as well as the mobilization of local level stakeholders has not been adequately addressed. IN this regard the mission urges that piloting of new modalities of SMC be started with in August 2001. Furthermore, no VECs have been established.

Realism of activities being proposed

18. The proposed CIP budget for FY 01/02 of NPR 1579 million broadly reflects the original PIP allocations. However, PIP is a guiding framework, and a care must be taken to relate targets to available implementation capacity.

AWPB compared to national and district planning priorities

19. The annual work plan and budget is based on the PIP and in line with national and international priorities as outlined in the EFA framework. District Education Plans are being prepared, but the mission recognizes that decentralized bottom up planning will need some time to be fully effective. The mission appreciates to DOE initiative to pilot bottom-up planning in 5 districts in FY 2001/02. This piloting will give more insight into how district education planning can be enhanced in all districts and have a direct impact on allocation of resources. The district planning information provided is insufficient to determine the effectiveness of the planning process, but the mission notes that 80:20 district center ration is being maintained in the proposed budget.

Balance of the budget between key objectives

20. The relative allocation of funding to the three key objectives; 50% to access and retention, 15% to learning achievement and 35% to strengthening management capacity; varies substantially from the allocations indicated in the PIP of 40; 30; 30 for these objectives. The relatively high allocation to Access and Retention can be largely explained by low expenditures on construction during the first two years. The cumulative allocation over the duration of the programme is expected to remain broadly in line with the PIP estimates. However, the DOE is requested to analyze expenditures trends for discussion during the MTR and the budget for FY 2002/03.
21. The share of Learning Achievement in the proposed budget is significantly less than the average share proposed in the PIP. This low share in party attributed to moving some of the activities earlier included in Learning Achievement components into Capacity Building components (e.g. resource center development). As the DOE felt that adequate allocation had been made for the Learning Achievement components, the mission does not insist on increase in the relative allocation for those components at this stage.
22. Allocations for CIP management are significantly above what has been planned for in the PIP. This is due to allocations for constructing a new DOE: building being included in this component, transfer of some activities, to this sub-group from the Learning Achievement Components and the heavy burden of operating costs at the central and district level being charged to the CIP basket.

Specific comments to the budget

Operating costs

23. The joint donor review mission is concerned about the sustainability of the operations of DOE and the DEOs since it seems that practically all non salary

operating cost are proposed for funding by the CIP basket. The DOE agreed that the CIP budget proposal would be amended to reflect operational costs in HMG share in the regular budget at least equivalent to the FY 1999/00 level.

Physical construction

24. The mission acknowledge that the proposed targeted districts for physical contribution in Year 3 are responsive to the policy framework, since 14 districts meet both girls' NER<60 and GER<100 criteria, 30 districts meet one of the two criteria and 5 are special target districts, of which two meet the general policy criteria (GER/NER). The process of completing renovation and site development needs of the whole school before programming new construction at any school is now being followed. The high target of surveying 13000 schools is considered by DOE to be feasible.
25. The delivery of the first lot of supply of 1000 units of classroom structural components is expected only by March 2002. Given the large Year 3 target of construction of new classrooms this late availability of structural components will fail to use to the best part of the construction season and keep staff idle. It is also noted that the budget allocated in this FY for procurement of such components will not be used under the current procurement plan. The mission recommends local procurement of an initial supply of structural elements for 500 classrooms over and above the 1000 units proposed to be procured under ICB be given priority and the elements received by October 2001 for a construction start at that time. Along with some other changes it is estimated that this budget item under component 1 be increased by NPR 12 million.

DOE Building

26. The issue related to the DOE building was thoroughly discussed during the mission, as there was an indication that the cost estimates would be increased to about NPR 175 million equivalent, up from about NPR 70 million in earlier estimates. The donor mission feels that the current approach and design solution is not likely to serve the DOE or the MOES in the best possible way and serious reconsideration is required regarding the above. Following the mission, the BPEP Local Donor Group will prepare a letter conveying donor concerns and suggestions for a possible revised approach (Ref. paragraph 14).
27. The mission would not object to the current budget being prepared on the assumption of possible contractor mobilization during the year based on a tentative facility estimate of NPR 60 million equivalent. The ceiling and the expenditure would be subject to donor agreement by the November Mission. The mission agreed to a budget limit of NPR 15 million for FY 2001/02.

ECD Centers

28. The proposed increased support to remuneration of facilitators in ECD Centers from NPR 500 to NPR 1000 a month does not seem to be justified, and is not accepted, taking into account its sustainability and the very concept of the Government playing only the facilitating role. The mission recommends the DOE

and partners to review and if necessary pilot community based approaches - such as the Illam community based model - to ensure greater community support to this very critical component.

Consistency between ASIP and AWPB

29. Development of the ASIP and the AWPB through participatory approach has helped to develop a sense of ownership among the staff. The effectiveness of the ASIP approach will be contingent upon the degree to which it is able to serve as a guiding tool for development and implementation of the AWPB. As a general remark the mission notes that there is discrepancy between the caution expressed in the ASIP on the implementation capacity and the proposed rapid expansion of most activities in the ASIP on the implementation capacity and the proposed rapid expansion of most activities in AWPB.

Coordination of monitoring, surveys and training

30. Programme delivery seems to be fragmented between and within the components. The mission notes that surveys to map the target groups for different components seem to be planned in a uncoordinated manner, and there is also a question if different training modules for a specific target group could be better integrated to reduce costs and to reduce the burden to the participants. Better integrated planning of training would increase the cost effectiveness of the Programme. The mission recommends DOE to consider to reduce area of overlap such as household survey in the of various components.
31. The allocations for monitoring is divided between different components, but not included in every one of them. There is a need for clear delineation of monitoring responsibilities between various section and monitoring section.

Allowances

32. The mission notes a lot of resources seems to have been allocated for allowances for meeting and workshops. Allowance other than that for travel and daily subsistence need to be justified. The mission required the DOE to show where a 20% cut in over all allowances will be effected.

Non-CIP support

33. The mission suggests that inputs from all source be mentioned in the ASIP and AWPB in a appropriate manner. Further efforts should be made for annual planning of direct inputs to the BPEP II from TA sub-basket.

Format of the Budget

34. The practice of changing format of ASIP and AWPB and line heads as well as their regrouping every year makes comparison with Year 1 and 2 difficult. This is also true for the capacity evident to carry out the scale of proposed works for Year 3. The format should bring more emphasis and clarity into district and local level works, investments, approaches and outputs. It is therefore recommended

that the government provides sub-component-wise breakdown for total district budget in the form followed for the central budget.

35. The mission recommends that the format now applied for the AWBP, with the inclusion of a sub-component wise breakdown of the total district budget, be substantially retained in coming years to allow comparison and assessment.
36. Monitoring indicators need to be tied to the Policy Framework and not only to PIP as a general approach. Indicator to assess quality aspects should be emphasized. There should be consistency between monitoring indicators in the ASIP and in the AWPB.

Endorsement of Donor Funding for the Programme

37. Out of the proposed CIP budget of NPR 1579 million for FY 2001/02 the mission endorses NPR 1251 million consisting of NPR 494 million for Component 1, Physical facilities, and NPR 757 million for components 2 to 17. The mission recommends the Government to work out an appropriate allocation for components 2 to 17 considering the implementation capability and efficiency of these components in the previous years. The mission recommends the DOE to submit the allocation of budget for components 2 to 17 for donor review during April 2001. Donors expect that the Procurement Plan will be completed by May 2001, and tender documents completed by the end of the present fiscal year.

Possible needs for special provision in some districts

38. The donors are concerned about the effect on education service delivery in insurgency affected districts and are prepared to co-operate with government in exploring how BPEP funds may be utilized through different modalities to ensure that education takes place in the targeted districts.
39. Norway on behalf of the CIP donors will continue the dialogue with the HMG and with other donors on how to meet the educational needs of the children in targeted districts. The mission notes that all initiative and concrete steps concerning CIP funding will be fully reviewed by the BPEP Local Donor Group.

Educational Provision for children of former Kamaiyas (Bonded Labourers)

40. The future prospects of about 50000 children in this priority target group are to a large degree dependent on their access to education to break the cycle of extreme poverty and marginal status in society. As this is an ongoing resettlement program in its early-mid stages, the actual access requirements from surveys were not available to the mission. However because of the acute need for attention to these children DOE confirmed that budget support would be allocated from the FY 2001/02 program and if possible some initial funding from the current year's budget.

Financial Management

41. The overall situation appears to be improving, and the cause of earlier bottlenecks of expenditure understood and largely rectified. The mission noted that with 94 cost centers spread throughout Nepal, BPEP II presents particular difficulties to MOES. It was also noted that the accounting processes (according to HMG practices) and capacity appear acceptable. The principal difficulty remaining lies with the aggregated budget codes used by the MOF which make subsequent dis-aggregation to MOES budget activities difficult for the Ministry to interpret consistently and accurately. MOF should give very careful consideration to the use of red-book budget codes in line with MOES accounting requirements under BPEP II.
42. Regular activity reporting will continue to be difficult for MOES until the computerized FMIS is fully operational as the task of doing this manually does not appear to be feasible. The mission was requested by DOE to have IDA, as leading donor on FM matters, review the constraints on FMIS operation with a view to suggesting actions that could be taken by DOE to re-activate PMR based reports. Such reports would improve the current bases for providing the donor group information on expenditure and fund-flow requirements. Until such reports are available, DOE is requested to provide to all donor copies of the monthly summaries of special account use and approved disbursement by IDA. The mission noted that the Audited Statement of Accounts for 1999/00 was overdue by more than 3 months, and the donors signaled that further release of funds would be contingent on receipt of Audited Statement of Accounts as well as on the level of actual expenditure and the balance in the special accounts.

Procurement

43. While school surveys and SPIP's are advancing well, and all classroom designs and details have been completed, the main issue concerns delays in start-up of the new classroom program linked to steel procurement. The current round of International Competitive Bidding (ICB) major procurement for classroom steel assemblies (54000 over a 3 year period) is expected to result in availability to the districts only from March 2001. As DOE is keen to avoid the prospect of little progress during FY 02 an interim solution was agreed as follows:
 - (a) An interim round of steel procurement for up to 500 classrooms would be undertaken following National Competitive Bidding (NCB) provision in the guidelines with a view to ensuring delivery by October 2001 for an early FY 02 construction start;
 - (b) The budget from the current year would be used to pay for the necessary advance payment to mobilize suppliers;
 - (c) The DOE would explore the use of the balance of the construction budget for FY 00/01 for about 300 classrooms using the load-bearing JICA model this year in accordance with the SPIP process.
44. Other procurement bottlenecks have been substantially resolved by a pending amendment of the IDA Development Credit Agreement (DCA) to allow easier procurement of small items up to \$US 500 in value following HMG rules. However, the DOE is having difficulty in harmonizing its various internal procurement practices. Therefore, the earliest establishment of a small

procurement cell in DOE with local consultant expertise is essential, as is more detailed procurement planning. The mission notes that the proposed 2001/02 budget includes funding to contract such expertise.

Preparations for the next mission and Mid Term Review (MTR)

Purpose

45. The purpose of the MTR is to take stock of the progress of BPEP II and - on the basis of review findings - to revisit the PIP and to ensure necessary adjustments in the continuation of the programme. The mission recognized that the forthcoming Mid Term Review (MTR) will provide a basis for revisiting the PIP to allow revision of the Strategy and policy framework for basic and primary education in Nepal. The donors recommend that the MTR assess BPEP II from a holistic point of view for consistency with the EFA process, the National 10th Five Year Plan and the Poverty Reduction Strategy Paper. Relevant plans and proposals for other levels of the education sector should also be taken into account.

Modalities

46. The donors recommend that the MTR be conducted in a two-stage mode implying the data collection and analysis takes part during the November review mission 2001 also taking into account the Third Party review and the formative research findings as available.
47. The findings, analysis and recommendations from the first phase should form the basis for preparation of documentation for the second phase of the MTR scheduled for March 2002. Such documentation needs to be finalized during January 2002 in order for the partners to obtain necessary mandates for the discussion to take place during the second phase of the MTR review.

Review Themes

48. A preliminary list of themes for the MTR, prepared by the BPEP Local Donor Group on the basis of PIP and other programme documents, was presented to the mission. It was agreed that Piloting, Gender audit and HIV/AIDS be added to that list of themes. The mission noted the proposal from the DG that the institutional and managerial capacity of DOE be assessed. The Institutional Analysis may already provide a basis for such assessment.

Special Studies

49. TOR for special studies on Gender Audit and HIV/AIDS were submitted to the mission by DOE as requested by the previous mission. Donors confirm that action to initiate those studies will be taken immediately by the BPEP Local Donor Group in collaboration with DOE. Decision on funding will be taken at that stage.