

Joint Government-Donor Mid Term Review.
MTR Report Nepal-Basic and Primary Education Program II
March 2002

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1. Background

1.1 The Basic and Primary Education Program, Phase II, in Nepal

The Basic and Primary Education Program, BPEP II, was launched July 1999 as the successor of the Basic and Primary Education Project BPEP (1997- 2002). The medium-term development objective of BPEP II is “to strengthen institutional capacity at the national and community levels to plan and deliver more efficient and better quality basic and primary education services thereby rising learning achievement and increasing equitable access, especially for girls and under-served communities” (PIP1999, Annex I). To this end, the Department of Education (DoE) was established on 16 July 1999 as a part of the organizational restructuring of the Ministry of Education and Sports (MOES).

For BPEP II a basket approach to funding was adopted. Among the donors, Denmark, EC, Finland, Norway and IDA contribute to a Core Investment Program (CIP)- the basket’, while ADB, JICA and UNICEF are providing earmarked support under separate agreements.

The program is structured according to three major goals:

Improvement of Access and Retention (8 components)

Raising of Learning Achievement (4 components)

Institutional Capacity Building (5 components)

Major achievements in basic and primary education during the period of the program include:

- The net enrolment has in year 2000 reached 80.4 % and the drop out rate in grade one has been reduced from 19.2% in 1998 to 14.5% in 2000.
- The cycle completion rate has reached 54 % in 2000 as compared to 42% at the base year (1998).
- Short term and long-term trainings for the enhancement of the professional capacity of the concerned personnel are conducted, and a comprehensive HDRD plan has been developed.
- Objective criteria (formula) for allocation of budget ceilings to districts has been developed and implemented, and primary education planning is regularly carried out at district level.

1.2 The Mid Term Review Process

The Basic and Primary Education Program Phase II (BPEP II) is defined by the Program Implementation Plan (PIP) of February 1999 and by the bilateral agreements with those

donors supporting the program through a joint Core Investment Program also termed “basket”.

A Mid Term review of the program was carried out through several joint activities by the end of 2001 and the beginning of 2002 and was concluded by a joint review mission 17-22 March 2002, being at the same time the seventh regular joint donor mission held twice a year. The purpose of the MRR was 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 program.

The following have been the major activities of the Mid Term Review:

1. A Third Party review financed by UNICEF and undertaken by a Nepalese team of consultants, the TEAM consult, in July to October 2001.
2. A Technical Panel of international and Nepalese experts working in November 2001 on the basis of findings of the Third Party Review, and an Institutional Analysis of the primary education sector, also taking into account changes in the context in which the program is being implemented.
3. A joint donor review mission in December 2001 identifying some major shifts to be reflected the Basic and Primary Education Program by Mid Term.
4. A Response Paper by the Ministry of Education of Sports, six technical papers by the Department of Education and two technical papers by the BPEP Local Donor Group in response to the recommendations of the December 2001 Mission.
5. A group of international consultants assisting the donors in early March 2002 in their preparations for the joint mission and having dialogues with DoE staff on issues in need of further clarification.
6. A joint donor mission 17-22 March 2002 agreeing on medium and short term changing context.

The Third Party Review was focused on the implementation status of the program and on lessons learned through the initial two years of implementation. The Technical Panel based its work mainly on the Third Party Review, the Institutional Analysis of the Primary Education Sector, the EMIS Thematic Presentation (October 2001) and on its own findings regarding the changed context of Basic and primary Education in Nepal. The main recommendations of the Technical Panel are referred below.

The actual joint Mid Term Review by donors and His Majesty’s Government of Nepal (HMG) was carried out in two stages: the review missions in December 2001 March 2002. This Mid Term Review Report is an extension of the Aide Memoire of the December 2001 mission. The main MTR issues were identified by that mission, and elaborated on in the Aide Memoire. The purpose of this MTR Report is to record those agreements between the BPEP II partners that implicate changes in the program as described in the Program Implementation Plan (PIP) 1999 or as established through practice.

In parallel to the process outlined in points 1 to 6 above, and building on outputs from that process, the DoE has developed the Annual Strategic Implementation Plan (ASIP)

for year 2002/03. In the general part of that document the changes agreed to during the MTR process are translated into a comprehensive policy document for the remaining two years of the program to succeed BPEP II.

The technical papers produced under 4 and 5 above, have been compiled and will be available for reference and further planning purposes.

2. Major Shifts

2.1 Main recommendations of the Technical Panel

The recommendations of the Technical Panel (November 2001) was based on a conceptual framework with child learning and development at the center, and was guided by the following principles:

- Shared vision of education: empowerment of key stakeholders at central, district, village and school level
- Holistic approach: balance and inter-link among elements
- Participatory and partnership approach in a decentralized context: demand rather than supply driven, shared responsibility and accountability
- Demonstration of visible product and impact: joint validation
- Management decision based on information flow and a culture of dialogue: transparency and accountability.

The recommendations of the Technical Panel were:

Adopt community empowerment, visible transformation of school, and direct allocation of resources to schools as means of making the schools functional and effective.

Empower and enable VDC/VEC to support and sustain school improvement efforts.

Consolidate and strengthen the RC as a professional resource center and the Resource Person (RP) as a mobilizer, facilitator and supporter of school improvement efforts.

Consolidate and strengthen District Education Officer District Education committee to effectively fulfill its role as manager, facilitator and supporter in achieving access, quality and management improvement targets of BPEP II.

Shift the role and responsibility of Department of Education from that of planning, managing, implementing and monitoring district level components to providing policy guidelines, setting strategies, specifying standards, planning support activities and monitoring outcomes.

Consolidate the role of Ministry of Education and Sports in policy formulation, macro monitoring of outcomes and system performances, and co-ordination of external assistance.

2.2 The Joint Review Mission December 2001

The mission noted that as an education sub-sector program BPEP II was developed to embody the national commitment to Education for All (EFA) objectives as articulated in the Jomtien Declaration of 1990. The program had been integrated into the management system of the relevant ministry, and serious efforts made to adjust procedures to minimize external donor demands for reporting and management. The mission found, though, that the program being the logical successor of the BPEP project of the early 1990's still had retained some characteristics of a project. The relative complexity of BPEP II with its 17 components and a lack of synergism in component management was found to be a contributing factor to the program's modest performance to date.

In the context of the Program the mission found that some important events have begun to shape the future course of approaches to the sub-sector and argue for significant change in the rate of a number of expected shifts adopted, in principle, under BPEP II. The main factors being:

- Pressure for strategies to achieve rapid decentralization of education under the Local Self Governance Act of 1999
- The 7th Amendment of the Education Act (2058) which deals with community empowerment for school management and financing
- The emerging thinking regarding community empowerment under the Tenth Plan 2002-07, which is being crafted
- Nepal's commitment of achieving EFA goals by 2015. The security situation has in a way also given impetus for greater priority to meaningful decentralization of education.

The mission found, however, that the Status Report on the BPEP presented to the mission by the Government, did not shed light on the current as well as potential impact of the State of Emergency of conflict in the country. It was pleased to note the commitment of the Government, expressed during meetings with at the NPC and MOF, that the resource allocation to basic and primary education will be protected in spite of the budgetary constraints being faced by the Government. The mission stated that as part of the realignment of BPEP II, which is the major focus for the MID term Review, it is important to assess the potential impact of the conflict on the program.

Shifts and synergies identified by the mission to guide a redesign of BPEP II for the remaining period of the program and as a basis for further development of the sub-sector:

Adjustment of the Goals of Tenth Five-year plan and EFA National Plan of Action

Nepal's Tenth Five-year Plan, which is in the process of completion, will also be Nepal's Poverty Reduction Strategy Plan for that period. It will set targets for the development of the education sector that will reflect targets of the Education for all Plan of Action, which is being developed simultaneously. The mission recommended that PIP targets and indicators for BPEP II implementation to the end of the current program (2004) should be revisited to assess, the extent to which they are compatible with intermediate (2005) and longer term (2015) EFA targets.

The need to take a more holistic view of education in Nepal

It is necessary to seek synergies of primary education with secondary schooling and higher education with particular reference to teacher competencies and the development of lifetime learning skills required in the modern era.

The Child and Community as Focus

There is an increasing awareness of the necessity to focus on child learning and development in a holistic way. At the same time there is a widespread perception that a strengthening of the school system in Nepal largely will depend on a move towards community ownership of public schools. In response to this perception, HMGN has in its 7th Amendment to the Education Act decided to convert public schools to community schools, and in the draft Tenth Plan proposes to empower the schools through a block grant mechanism for government funding.

The change in the roles of agencies

The department of Education and other line agencies at the center as well as Government offices in Regions and Districts must develop their roles from implementation to facilitation and technical support for communities. The changed roles would include mobilization of civil society in support of educational reform.

Outcome monitoring

BPEP II reporting should move from largely quantitative indicators to include qualitative indicators and should move from input monitoring to include more output, outcome and processed monitoring. The EFA National Plan of Action has particular relevance for BPEP II's evolution. To bring the program into line with EFA, BPEP's 14 indicators need to be adjusted to the 18 EFA indicators.

Importance to Grade One

The initial school learning is an important foundation for the child's future learning and for ensuring better retention. A strengthening of grade One necessitates, for example, allocation of sufficient teachers of adequate quality, reasonable class sizes and attention of sufficient teachers of adequate quality, reasonable class sizes and attention to other factors affecting quality.

2. Restructuring of the Program

3.1 Framework

Changing a program in running is very different from designing a new program to be implemented from a certain date. Among the achievements of BPEP II is a considerable degree of district level responsibility for planning and implementation. Planning for the next fiscal year at district and central level is going on, and is based on the present program structure and the present implementation modalities. Huge information and training activities based on present modalities will also have to be redone.

Changes at this stage will have either to be minor or to affect only a limited number of actors at a time. At the best, major changes can be implemented in one or a few districts. While, at the same time, a few minor changes are implemented at large scale. The implication would be two designs existing side by side with a gradual expansion of the new design combined with some improvements of the original design. In the case of BPEP II the new design reflecting the strategic shifts could be introduced as a separate component that would in whole or part replace the existing components in one or a few districts. At the same time, minor changes such as merger of the 17 existing components into 3 or 4 while retaining the activities, could be implemented in other districts and at central level.

The strategic shifts identified by December 2001 mission have been accepted by the Director General of the Department of Education as the basis for a changed policy outlined in his paper “BPEP II – its challenges and future directions”. In order to initiate the shifts he suggests a set of reform strategies in program design and implementation with a view to reducing fragmentation and ensuring synergy:

- The program to be restructured, the number of components to be reduced (see below) and the budget to be allocated to those components while earmarked for activities in a flexible way.
- Fund flow mechanisms to be simplified, including:
 - Fund flow to agencies on the basis of annual program and budget
 - Within the SIP based program (Component 5) fund flow to the individual school under a block grant model
 - Simplification of reporting and auditing procedures to facilitate the timely withdrawal and disbursement following IDA guidelines
 - Improvement of the program’s capability to serve districts affected by insurgencies
- Grassroots level institutional capability for planning and monitoring to be strengthened in the spirit of decentralization through (Component 5):
 - Channeling of block grant to the individual school through VDCs and municipalities if they have staff for financial management
 - School improvement plans (SIPs) to be prepared by School Management Committees coordinated by VECs and submitted to VDC’s for approval.
 - No SIP to be implemented at the school level without the approval of the VDCs and the Municipalities.
 - Local bodies to be responsible in monitoring school level programs.
- The role of the Department of Education to be redefined as the technical wing of MoES and the facilitator of the program, and:
 - District Education Offices to provide technical leadership to the schools
 - The Resources Centers (RCs) to be developed under the concept of Lead Schools.
 - School Supervisors to provide professional leadership and support to RCs and to supervise Lower Secondary and Secondary Schools

- Focus to be on process, output and outcome monitoring to ensure that desired objectives of the program are achieved.
- The situation in Grade One to be improved by
 - Enrollment from the appropriate age group
 - Assignment of the best teachers for the class
 - Appropriate class size
 - Good physical facilities
 - Joyful learning environment.

Restructured program 2002/03

	<i>Components</i>	<i>Activities</i>
1	<i>School Physical Facilities</i>	<ul style="list-style-type: none"> • Rehabilitation and maintenance • New classroom construction • Water, toilet, compound walls • RC, DEO, DoE, building constr. • Furniture
2	Access and Retention	<ul style="list-style-type: none"> • Alternative schooling • Education of girls • Education of focus groups • Special needs education • Early childhood development • Community mobilization • Literacy program
3	Learning and Achievement	<ul style="list-style-type: none"> • Curriculum and text book • Continuous assessment • Recurrent cluster based training • Certificate teacher training system
4	Management and Capacity Building	<ul style="list-style-type: none"> • Strengthening DoE • Strengthening district planning • Local capacity building • CIP management (DOE) • Technical support through TSAG
5	SIP Based Development Program Integrated model in 5 districts from 2002/03 reflecting MTR shifts	<ul style="list-style-type: none"> • School development activities and quality enrichment activities as per approved SIP

3.2 The Insurgency Situation

During the past few months, His Majesty 's Government of Nepal has extended to a second three months the state of emergency imposed in November 2001 because of the increased violence being experienced by the people due to the Maoists insurgency. Development and delivery of services, especially in remote areas is being severely compromised, education has come increasingly under attack, with teachers and education officers being killed, injured, threatened and intimidated. Other teachers have left their posts for fear of their lives, and DOE has reported that the psychological impact on those who are not in physical danger is also an increasing problem. There is persistently inadequate data on needs to plan specific actions. MoES is currently surveying 33 districts, and this information could form the basis of future decision-making.

The mission recommended HMG to develop a plan for improvement of the program's capability to serve districts that are heavily affected and for by the insurgency and for

intensification of efforts in such districts. Within the revised component structure of the program, the plan should define possible new activities or modification of existing activities in a transparent way. Though focus has to be on short-term needs. Priority should be given to activities of relevance even beyond the present situation of emergency. To save time, the plan would be presented to the BPEP II Local Donor Group for approval of donor funding between the joint missions.

4. Program Content

4.1 School Physical Facilities

4.1.1 Share of costs of planned physical facilities

Annual targets and expenditure levels for this component in the past two years have been low compared to the overall figures expected to be achieved over the project period. For the present year and the remaining two years, however, the planned activity targets are such as to fully utilize. Including costs of additional construction inputs already approved, it is estimated that the total cost of this component will reach NRS 1987 million, an increase of about 450 million (about 30% over PIP estimates of 1530 million).

It is notable that the above increase would push the share of this component up from 22% to 29% of the total program cost, provided other program components were implemented to the level estimated in the PIP. Exchange rate fluctuations of donors currencies vis-à-vis US\$ have however, led to net reduction in available funds that would effectively push the share further up- estimated at over 35%. Furthermore it has been noted from the proposed AWBP for 2002/03 that several of those districts that are excluded from financing of physical facilities by the existing targeting criteria, have reallocated funds earmarked for other components to physical facilities development.

The government and the donors agree on the need to contain costs of physical facilities through a check on further additions as it would go against the agreement made with some individual donors and also reduce fund availability for other educational inputs. This component budget ceiling for years 4 and 5 together was agreed at NRS 2.0 billion, including NRS 75 million diverted from the discontinued Maintenance Tools activity (see 4.1.2)

4.1.2 Maintenance

During the implementation phase of BPEP I, a lot of school maintenance tools was distributed to a large number of school. And maintenance training was conducted for SMC members.

Experience shows that most of the school neither have carried out regular maintenance nor safely stored the distributed boxes. DoE has proposed to drop the procurement and distributions of toolboxes, to continue modified school maintenance training, initiate maintenance funds and continue distribution of School Maintenance Hand Book.

The mission to the above changes, and in order to setup a culture of maintenance, it was agreed that HMG will allocate a token maintenance budget for each school receiving

having received physical facility inputs and also seek VDC commitment to support maintenance of constructed facilities.

4.1.3 criteria for targeting school physical facilities

The experience of the pre –MTR years have been that districts that have benefited from the targeting criteria of GER/ NER did not appear to be most needy in terms of physical facilities. Reliability of such data at the disaggregated /school level also remained in doubt. As agreed during December 2001 mission, DOE had prepared for discussion a set of new criteria to better target districts as well as schools.

The government and donors agree to revise the criteria as follows:

A. District Selection Criteria:

- 1) All districts are not served by BPEP I and PEDP*
- 2) All bottom –up planning SIP districts*

B. School Selection Criteria:

- 1) All schools in the districts to be ranked in order of priority according to a weighted index formed with
 - 30%: Ratio of number of girls to total students enrolled in the school*
 - 40%: Ratio of number children from socially disadvantaged groups to the total students enrolled*
 - 30%: Ratio of enrollment in grade 5 to enrollment in grade 1**
- 2) The school priority master lists arrived at by 1) above to be tested for Substantial maintenance rehabilitation need from physical survey data (EMIS)*
- 3) The following criteria of adequacy of classroom, space requirement and student density (as proposed by DoE) will then be applied to the schools in the order of priority, and a qualification under any of the three criteria will be sufficient eligibility for replacement construction input:
 - There should be at least as many physical classrooms available as there are classes or sections running*
 - There should be a minimum of 0.75 square meters available per child*
 - There should be a maximum number of children in each classroom, with the maximum set at 55 for the Terai, 45 for the hilly areas and 35 for the mountainous areas (these thresholds correspond to the teacher quota thresholds)**

4.2 Access and Retention

4.2.1 Alternative schooling

Alternative schooling programs (school out- reach and flexible schooling) started as pilots and, according to the PIP. Should have been “continuously evaluated and monitored to gain knowledge and experience for implementation and/or modification of the program. Such evaluations and regular monitoring will provide important information to the MTR for making further decision regarding scaling up the program or down by MTR” (PIP, 2.3.41) and also, during the MTR, the out of school program (OSP) will have to be evaluated for further funding (PIP, 2.3.30).

Lack of supervision and monitoring of the activities have effected the access and retention of special focus groups in particular. There is neither specific school supervision system to follow regularly nor any monitoring system built in to the pilots to

support the activities conducted. As a result, little is known about the outcome of these pilot activities. External evaluation studies are, however, underway.

The missions find that those alternative schooling activities, for which the piloting has not been completed, should not be further scaled up at this stage. In addition the school out – reach program has been piloted as non – formal education though it is aimed to provide regular Grade 1 to 3 primary education. This program should be carried out as formal education.

4.2.2 Incentives Programs

Incentives as strategies to address the issue of non-enrollment are piloted under Access and Retention and under girl's education specially. According to the field observations of the Women Education Section staff, it is very difficult to distinguish that target groups. Poverty cannot be used as criteria as all disadvantaged groups live in ultimate poverty. The Formative Research Special Focus Group Workshop has discussed this issue recently. It has suggested that minority language groups should be the focus. This suggestion finds support in the preliminary findings of the Formative Research studies.

The mission finds that language of instruction and of textbook had not been given adequate attention in relation to access to education. It should be addressed as one of the major issues when measures are planned to improve the grade 1 situation. Bilingual teaching should be systematically included in teacher training programs and methods that have proved effective in second language teaching should be introduced to school with special focus group children. In addition, inclusive education should be promoted as a means to reach the special focus groups, particularly within recurrent teacher training.

4.3 Learning Achievement

4.3.1. Textbook distribution

On textbook distribution the PIP states: "A revised distribution policy will be made available for review at MTR" (PIP 2.4.23). The revised policy has not been finalized yet. There are claims that textbooks do not reach schools on time and that despite the general policy of free textbooks, parents have to pay for them. An ongoing textbook distribution experiment is intended to find the modalities most suitable for Nepal. A Consultant firm will submit its findings and recommendation I August 2002.

The Mission expects the revised distribution policy to be made available for the next Review Mission.

4.3.2 Continuous Assessment and Recurrent Teacher Training

The Continuous Assessment (CAS) activities were reviewed in 2001, and substantial changes were recommended. Lack of co-ordination within the component, especially with the whole school approach in recurrent teacher training, has led to a situation where teachers in the CAS pilot schools do not see any link between continuous assessment and their teaching methods.

The Mission recommends that the CAS unit participate in recurrent teacher training activities to bring changes in classroom, in order for continuous assessment to support students' learning and achievement. The Mission would also support a possible combination of the two activities.

Continuous Assessment and Recurrent Cluster-Based Training into a single activity focusing on Student-Centered Learning'

Schools are different: to be able to learn something new, to create and change for improvement, new knowledge must be related to existing knowledge and experience. The recurrent teacher training offered does on its part seems to concentrate mainly on curriculum implementation. Head teachers and SMCs are primarily in need of management training, but they should also be aware of teaching methods to ensure that the skills the teachers acquire in training are brought into classroom practices.

The Mission finds that the implementation policy for recurrent teacher training should be changed in such a way that it would allow school based training programs. Instead of offering all teachers and head teachers the same programs, training programs should be conducted to meet the needs, demands and problems of schools, while focusing on inclusive education methods. The possibility of using NGOs in recurrent teacher training should also be explored.

4.3.3 Resource Centers

The resource center (RC) facility has been referred to as the 'backbone of the program'. The December 2001 mission expressed: "Support for local school development is to a large degree dependent upon the RC structure. The effectiveness of the RC is reported to vary considerably across the districts in which they have been established. The functions of the RC structure in remote areas, where it has not yet been introduced, continues to be an unresolved issue," The DOE would like to try out models for adapting the RC system under different circumstances.

The mission agrees that alternative models should be tried and would welcome a proposal to that effect for the next mission:

4.4 Management and Capacity Building

The Aide Memoire of December 2001 presented a number of issues to be followed up in order to improve on the quality and timeliness of financial management. The future transfer of responsibility from central to local level also means challenges with respect to maintaining accountability, transparency and control. Organizational changes involve questions related to responsibility, authority and capacity.

MoES and the World Bank (WB) have jointly agreed on procedures, which lessen the workload related to preparation of SOEs. Capacity problems at grassroots level causing late recovery of funds are being dealt with by training of the local accountants, and MoES expects the situation to improve considerably next fiscal year.

The BPEP II program is part of the Nepalese budget (red book) and as such subject to Nepalese procedures and communication lines. Funds are not released until MOF releases an Authorization Letter, which then is being communicated to the respective lower levels. This is a system delay that can only be solved if the MOF streamlines its procedures and communication lines.

Substantial time is consumed at local level as districts report expenditures by source and they have to extract taxes from the reported figures in accordance with donor agreements. These tasks are perhaps the main reason for slow SOE submission. The DoE, in this context, proposed to consider HMG and donors as one source. This led to a tax deduction issue involving an estimated average tax. The tax issue was not resolved during the mission. Therefore the Mission suggested that if the MoES/DoE wishes to treat the CIP donors as one source and HMG as another source while deducting the taxes in the same manner as today, then MoES/DoE might submit such proposal for IDA review, Otherwise the existing system of breakdown of expenditure by sources of funds will continue.

4.4.2 Capacity Building/ HRD

In his paper "BPEP II" as follows: "Built upon the strengths and opportunities of the BPEP I, BPEP II is being implemented under program approach with the overall objective of ensuring quality basic and primary education through enhanced institutional capacity building since 1999 for a period of five years". The lack of capacity is referred to as a major reason for the problems in the implementation of the program.

During the initial years of BPEP II there have been extensive human resource development efforts in a short term as well as a long-term perspective. In parallel to that, an Institutional Analysis has been carried out, and an HRD Plan is being developed. When the HRD Plan has been adopted by MoES as the basis for development of the human resources of the sup-sector, a priorities and sequenced implementation plan needs to be developed.

The HRD Plan represents a comprehensive approach to HRD, building upon the Institutional Analysis, incorporating needs of various stakeholders and culminating in a five year budgeted and targeted HRD plan. The HRD plan substantiates the capacity building requirements of MOES/DOE related to the shift from a project approach to a full program approach and from a centralized to a decentralized school and community based human resource development. The MOES five years HRD Plan is a step towards a sector wide approach and identifies and elaborates on shift in key functions and responsibilities. The HRD Plan Cost estimates show that the main focus of capacity building is on strengthening school management and development, which concentrates on sub-district level and covers 52% of the over-all budget of D\$ 11 millions. This is seen to be very much in line with the shifts within BPEP II.

The Mission recommends emphasis in capacity building and training to be on fostering change within institutions. The focus in the institutions should be on increasing their capacity to design and implement the desired reforms through providing support,

coaching and facilitation in their daily work. Therefore, priority should be given to training on the job. And training should be related to the (development) task at hand. Also, the agencies implementing the program should focus on identifying means of collaboration among themselves. The extent to which implementation of the HRD Plan will be funded from the CIP basket and to what extent direct funded TA will be required needs to be addressed.

The Institutional Analysis (2001) has come up with glaring evidence that female staff in the MoES/DOE need serious capacity building. However, the HRD Plan is still gender neutral.

The HRD Plan needs to be revisited to go beyond gender sensitizing training and to actually allow women to be in the decision making from school level to DOE/MoES level. In order to allow women to move from implementers to policy makers, the MoES will have to be completely committed to develop female leadership.

4.4.3 Technical assistance TA

The DoE technical document states that TA is not tied with national plans and programs, and that its utilization sometimes is time-consuming. It also stresses that TA needs have not been properly identified and that it is necessary to establish proper mechanisms between the government and donors for assessing and coordination TA.

The HRDP stresses that TA planning should be part of the AWPB process. For FY 2002/03 it will by necessity be complementary, but an outline of a more coordinated approach of technical assistance has, however been tentatively incorporated in the ASIP and provisionally budgeted for in the draft AWPB for FY 2002/03. Previous initiatives to coordinate TA for BPEP II have also concluded that such coordination must be done by DOE and in connection with the annual planning process.

The Mission recommends the TA donors to continue their efforts towards transparent and synchronized planning processes. And MoES and DoE to use those processes as an instrument in their over all annual planning (ASIP) of the program.

4.4.4 Technical backstopping

To provide technical backstopping for DoE, a Basic and Primary Education Unit (BPEDU) and a Technical Support Advisory Group (TSAG) was introduced in the PIP 1999. DToRs for 59 studies to be procured during the program period was annexed to the document. The Government and donors agreed to discontinue the BPEDU and to transfer its functions to DoE in 2000. Experience has shown that TSAG only to limited extent has been utilized for its initial purpose, and that the list of studies and DToRs annexed to the PIP does not reflect the actual needs at this stage of implementation. As replacements for the TSAG thematic groups for technical backstopping to sections of EoE and a coordination group consisting of the heads of BPEP II implemented agencies have been considered.

The Government and donors agree to dissolve the TSAG and discontinue the use of the list of studies annexed to PIP as the basis for initiation of research studies. Future studies will be initiated on the basis of identified actual needs and DToRs worked out accordingly. A budget line for such studies needs to be retained. The possible needs for thematic groups and a coordinating group has to be further considered by MoES DoE.

4.5 SIP Based Development Program

Consistent with the critical need to ensure effective schools that has been articulated in all the major review documents leading to the MTR, the DOE has proposed a school improvement planning process that would be supported by the provision of block grants to school. The grant would be released on the basis of School Improvement Plans (SIP) developed jointly at the school level by its major stakeholders: teachers, head teachers and local authorities.

The Mission notes this initiative and concurs that this would be a very useful initiative in ensuring a focus on schools and children within the context of decentralization in Nepal. The Mission also notes the importance placed by the HMGN on devolution and the recent announcement by the Decentralization Implementation Management Committee (DIMC) for the devolution of the primary education sub-sector.

The Mission recommends that the MoES/DoE undertake the decentralization of the sub-sector in full consultation with the appropriate HMGN bodies and in line with guidelines and policies. The Mission notes as a matter of operating principle that an appropriate level of support and capacity building at the levels concerned must accompany any devolution.

5. Budget, Targets and Indicators

5.1 Budgetary implications

The draft AWPB proposes that one might be able to derive an estimate of available funding for the remaining program period based on cumulative under-spending (which was around 45% across all components in the first two years). That approach would, however, be based on the assumption that the total US \$ equivalent of the CIP basket stays fixed at the level stated in the PIP (US\$ 106.5 millions), which is not the case.

The donor commitments to the CIP basket were calculated in 1998/99 on the basis of currency exchange rates at the time. As the by-lateral agreements actually state the grants and credit in other currencies than US\$ it has to be taken into account that exchange rates between the actual currencies and US\$ (and also NPR) have changed since 1998/99. Based on information compiled by the BPEP Local Donor Group in June 2001 and the currency exchange rates at that time, it has been estimated that the reduction in the US\$ equivalent of the basket due to changed currency exchange rates, is of about the same magnitude as the under-spending (in US\$) for years 1 to 3. One implication would be that if BPEP II budgets for years 4 and 5 are raised markedly above the levels initially indicated in the PIP, additional funding would be required.

A more realistic approach could be to consider the initial estimates for years 4 and 5, which are reflected in recent HMG documents such as the Medium Term Expenditure Framework, as ceilings for the fiscal years 2002/03 and 2003/04. As this is said to have been the case in DOE's calculation of planning ceilings for 2002/03 for the districts., funds for the new components would have to be found within the same total ceiling of NRS 2.05 billions (US\$ 26.6).

For Component 1 Physical Facilities it is stated in Paragraph 4.1.1 above that the Government and the donors agree on the need to contain costs of physical facilities within a ceiling of NRS 2.0 billion.

For the new Component 5 and amount of about NRS 10 million needs to be allocated for capacity building related to new roles. Further funds under Component 5 could be moved from other components on the basis of draft AWPB for the five districts in question. The five districts could remain entitled to some of the activities (such as resource persons, teacher training and new classroom steel structures) on the same terms as other districts, while other activities would have to be funded from block grants budgeted under Component 5 as additional to the above NPR 10 million.

5.2 System Indicators

In the preliminary Draft ASIP of 6 March 2002, there is a table (Table 1) showing Trends of Primary Education Development Nepal for the years 1998-2000 together with national targets per 2003. The table includes the EFA indicators as well as those system indicators stated among the BPEP II Performances Indicators. The gargets given for 2003 appear to be proposed new targets based on the initial BPEP targets, and recent targets form the Tenth five year plan and or the AFA National Plan of Action.

As the actual targets of BPEP II are not given, the table does not provide a basis for assessment of progress against the targets of the program. As the targets of the Tenth Five-year Plan and the EFA National Plan of Action are also left out, even the basis for assessment of the proposed new targets is lacking. One table would be required, showing actual progress against targets stated in the 1999 PIP, and anther table comparing PIP targets with the targets stated in the two recent plans.

The mission requests MoES to provide tables as indicated above to the BPEP Local Donor Group for Review by 20 April 2002.

5.3 Implementation of MTR decisions.

On the basis of this MTR Report and the Aide Memoir of December 2001, an implementation schedule for the agreed changes needs to be developed. In addition to that, program indicators and benchmarks must be updated and supplemented to form the necessary basis for output and process monitoring in the remaining part of the program.

The Mission requests DoE to work out and implementation schedule, indicators and benchmarks as indicated above for submission to the BPEP Local donor group and subsequent donor approval by the end of May 2002.