

Basic and Primary Education Programme (BPEPII)

Ninth Joint Review Mission

23rd to 28th March 2003

JOINT AIDE MEMOIRE

BACKGROUND

1 The ninth Joint Review Mission (JRM) of the Second Basic and Primary Education Programme (BPEPII) was held between 23rd and 28th March 2003. BPEPII is a sub-sector programme with Denmark, the European Commission, Finland, Norway and the World Bank providing support to a basket (Core Investment Programme), and with ADB, JICA and UNICEF providing support under separate agreements.

2 The Terms of Reference for the JRM identified the key objectives of the Mission as follows:

- a) To agree plans for FY 2003/04, the final year of the Programme;
- b) To make arrangements for Programme completion and evaluation;
- c) To agree on a process for arranging future support after the end of BPEPII.

3 Preparations for the JRM were made by the Ministry of Education and Sports (MOES) and the Department of Education (DOE), with support from local development partners channelled through the donor focal point (European Commission). The first two days of the JRM were devoted to a discussion of future support to Education for All, to which new potential development partners were invited. The remaining four days involved a review of the Annual Strategic Implementation Plan (ASIP) and Annual Work Plan and Budget (AWPB), as well as preparations for programme completion and evaluation.

4 The JRM was preceded by six Joint Field Monitoring Visits to Pyuthan, Kailali, Rasuwa, Chitwan, Morang and Lamjung. Visits were conducted by teams that included representatives from development partner agencies, MOES and DOE. Draft reports from the visits were tabled during the JRM.

CONTEXT

5 There have been a number of significant changes in Nepal in recent months. First, a cease-fire in the insurgency which has been running for more than seven years was declared in February. Peace talks are now being prepared, and HMG/N is emphasising activities which contribute to the reconstruction and reconciliation process. Second, the National Planning Commission (NPC) is updating its Immediate Action Plan (IAP) which includes reforms in the field of education and decentralisation.

6 HMG/N is facing resource constraints due to unexpectedly poor economic growth. This shortage of funds has resulted in HMG/N struggling to meet its financial commitments, including the payment of elements of the 'regular' education budget.

7 Two guiding documents have recently been finalised: the HMG/N 10th Five Year Plan, and the Education for All National Plan of Action (EFA NPA). The 10th Plan provides the overall HMG/N policy for poverty reduction as well as a framework for decentralization and devolution of authority in education. The EFA NPA provides the overall strategy for achieving EFA goals, with particular emphasis on girls, disadvantaged children and children with all kinds of disabilities.

8 The Programme Implementation Plan (PIP) stipulated that the Audit Report for Fiscal Year 2001/02 should be tabled during this Mission. Although this Audit Report was not yet available, the un-audited project account for FY 2001/02 had been received.

ASIP AND AWPB

9 The Annual Strategic Implementation Plan (ASIP) together with the Annual Work Plan and Budget (AWPB) is a key instrument for planning and monitoring. A bottom-up planning process has been put in place, with the final ASIP/AWPB being constructed from district level plans. The ASIP/AWPB is a key tool for DOE, other central level agencies and District Education Offices (DEOs).

10 The ASIP/AWPB articulates MOES plans for approval by the National Planning Commission (NPC) with reference to National plans. Once approved, the budget specifications are sent to the Ministry of Finance (MOF) for inclusion in the national education budget. The ASIP/AWPB is also an important resource document for the Ministry of Local Development (MLD).

11 The ASIP/AWPB is also a key document for development partners, particularly in relation to the strategies that it contains. Previous Missions have made a number of suggestions on the scope and format of the document which have been incorporated in the ASIP/AWPB for FY 2003/04, which was applauded by the Mission.

12 Denmark started support for BPEPII in 1998 in continuation of BPEPI. The Fiscal Year 1998/99 was considered a bridging year with Danish financing until the basket arrangement was initiated in FY 1999/00. In the final year of BPEPII, Denmark is facing difficulties in fulfilling its commitment to the basket.

13 The financing requirement for the remainder of the Programme includes both outstanding claims for reimbursement from previous years as well as the budget set out in the ASIP/AWPB. Outstanding claims from previous years are estimated at US\$22.69 million. The budget proposed in the ASIP/AWPB for FY 2003/04 is NRs2.19 billion. Assuming that HMG/N spends 90% of the budget (which would equal NRs1.97 billion), the total amount needed for financing by the CIP basket to the end of the Programme would be US\$48 million.

14 The financing available from development partners can only be approximated due to possible exchange rate fluctuations in the currencies concerned. A calculation based on commitments, adjusted to reflect recent changes, and at exchange rates as of 18th March 2003, indicates that there should be around US\$42 million remaining in the CIP basket.

15 It was agreed that:

- a) development partners will finance the ASIP/AWPB for FY 2003/04 up to the actual amount available in the CIP basket which is currently a **maximum** of US\$20 million;
- b) HMG/N will prioritise its activities from its proposed budget for FY 2003/04 to take account of the expected shortfall in funding;
- c) Development partners will update their disbursements and communicate any new information on funding levels through the World Bank;
- d) DOE will re-visit its budget allocations with a view to:
 - i. Ensuring a more equitable distribution of funds between districts in the budget using the Human Development Index;
 - ii. Increasing budget allocations to the Mid West and Far West regions;
 - iii. Protecting activities and budget lines relating to: girls education, special provisions for ethnic minorities, and provision to the poorest districts according to HMG/N criteria;

16 As new requests for funding outside the current AWPB cannot be considered for BPEPII basket funding, and given the current resource constraints, HMG/N may approach both existing and new potential partners for additional support with activities previously supported under the 'regular' budget such as free textbook provision for primary school children.

17 The issue of teacher recruitment and deployment was discussed at length during the mission. Concern about this issue was supported by observations from the Joint Field Monitoring Visits that student/teacher ratios were inequitable, leading to very high ratios in some locations. Teacher numbers are limited to their 1998 levels under an agreement between HMG/N and the World Bank, giving little margin for recruiting the additional teachers required. Furthermore, the employment of temporary and part-time teachers using the 'development' budget from the CIP basket has been discouraged. The Mission welcomed the DOE exercise to map the current distribution of teachers in relation to child population and education participation rates as a positive development that could make a significant contribution to the resolution of this issue.

Reaching Areas Affected by Insurgency

18 The Mission was pleased to note the cease-fire, and underlined the opportunity that now exists to provide services to areas that have previously been difficult to access. There was a discussion on the proposal in the ASIP/AWPB for FY 2003/04 to reduce the total budgets for the Mid West and Far West regions compared to those for FY 2002/03, and increase the total budgets for the East and Central regions compared to those for FY 2002/03. Much of this shift can be attributed to changes in the Physical Facilities component of regional budgets.

Financial Management

19 A report by the World Bank is attached at Annex 1, and covers current disbursement, budget issues, and issues related to financial management, for example:

- a) Late claims for reimbursement;
- b) Counterpart funding should be included in Nepal's budget;
- c) The accounting system of FCGO is not compatible with the system used by DOE;
- d) Audit reports are delayed.

20 The Audit report for 2001/02 is already overdue, and the grace period ends on 15th May 2003. If the report is received after this date, there are serious implications for the disbursement of basket funds.

Implementation

21 There was discussion on the need to see a strategy and progress on the issue of female teacher appointments and the promotion of women into senior management positions, as well as an overall increase in the number of women in the sector. It was agreed that the recommendations of the Gender Audit would be taken into consideration in the development of an overarching plan to address gender issues and girls' education.

22 Inputs were made on behalf of the Association of INGOs on working in areas affected by conflict. The Mission recognised that there should be greater collaboration between MOES/DOE and INGOs and NGOs in working in these areas.

23 A summary of the Save the Children ECD programme was also presented. Despite the seemingly impressive impact on enrolment and retention, it was felt that further work would need to be done on the unit cost and support mechanisms for these models to determine whether they are replicable by HMG/N. There are, however, lessons to be learned from current activities in terms of the quality of ECD.

24 The Mission applauded the policy to promote the formation of School Management Committees (SMCs) and emphasised the need to complete the task throughout the country. It was also noted that the policy of appointing one woman to SMCs has been strictly adhered to, constraining the potential of women at the community level to participate in school management. It was recommended that the number of women appointed to SMCs should be increased.

25 There was some doubt on the effectiveness of the community mobilisation strategy presented in the studies carried out in December 2002, and the following issues were raised:

- a) The synchronisation of community mobilisation strategies, SMC training and the SIP process;
- b) Collaboration between MOES/DOE and (I)NGOs and CBOs;
- c) The evaluation and follow up of enrolment campaigns.

26 There was a concern that the community schools currently operating without funding from HMG/N could be supported in some way.

Pilot Activities

27 The ASIP/AWPB for FY 2003/04 proposes expanding Scholarship programmes and the Continuous Assessment System (CAS). There are, however, no evaluation reports that demonstrate the effectiveness of these initiatives. Evidence from the Joint Field Monitoring Visits suggests that Scholarships are not always effective in promoting enrolment and retention in primary education, and were in many cases used as incentives for students already enrolled, particularly if they are paid at the end of the school year. Development partners may not agree to finance the proposed expansion of the Scholarship programme if they are not convinced it is justified, and the Mission recommended that a review of the targeting and effectiveness of Scholarships should be conducted as soon as possible.

28 It was agreed that the future direction of CAS would only be decided after a full evaluation of the pilot programme. This is in line with the Mid Term Review's support for a possible combination of Continuous Assessment and Recurrent Cluster-Based Training into a single activity focusing on 'Student-Centred Learning'.

29 The ASIP/AWPB for FY 2003/04 includes scaling up SIP Based Development from the initial 5 pilot districts to 12 districts. A report on this process is available and will be circulated to partners.

PROGRAMME COMPLETION

30 A number of development partners will not be able to carry over un-spent funds from BPEPII into a future programme. It was therefore agreed that all activities undertaken will be expensed by 30 June 2004, and in particular that:

- a) The Procurement Plan for FY 2003/04 will be completed by 30 June 2003;
- b) All bidding documents will be completed by 15 August 2003 at the latest;
- c) DOE will remove from the AWPB activities that are unlikely to be completed by the end of May 2004;
- d) DOE will ensure that accurate forecasts and statements of expenditure as well as reimbursement requests are made on time, preferably every two months.

31 The World Bank will share its guidelines and template for Completion Reporting with partners. Other basket partners expressed the desire for a Joint Completion Report. It was agreed that the March Mission 2004 would jointly produce a first draft of the Completion Report which would be finalised within six months of the close of the programme. Partners will complete their own internal reporting procedures based on the Joint Completion Report.

32 The original closing date of 15 July 2002 for the IDA Adaptable Program Lending (APL) Phase I was extended earlier by a year to 15 July 2003. The Mission agreed that HMG/N would request an extension of one further year in order to synchronise the APL II with the next phase of joint support to the Basic and Primary Education sub-sector.

FUTURE SUPPORT

33 The first two days of the mission were devoted to a discussion on future support to Basic and Primary Education after the end of BPEPII on 15 July 2004. As well as BPEPII development partners, new potential partners were invited to these discussions, which provided inputs for improving the policy framework and for developing a support modality. MOES presented a Concept Paper entitled *Education for All 2004 – 2009: A concept policy framework for Basic and Primary Education in Nepal* which describes the vision of the next phase of implementation. The Concept Paper was very well received by the Mission, which also welcomed the process employed in its preparation and development. Partners felt that the next challenge would be to develop an implementation plan for the vision contained in the Concept Paper.

Core Document

34 It was agreed that future support for EFA would be based on a single Core Document. The Concept Paper could, with editing as deemed necessary, form the first part of this Core Document. A second part comprising specified operational aspects are required to transform the Concept Paper into a Core Document applicable to all partners. Development partners will need to consider the types and content of any additional documents required by their agencies. Further documentation should, however, be kept to a minimum. The Core Document would thus constitute the basis for appraisal by all partners involved. A draft of the Core Document should be produced by the end of May 2003, and the final Core Document should be completed by the end of September 2003.

35 It was recommended that the EFA Core Document could be modelled on the Secondary Education Support Programme Core Document. This approach would make it easier in the future to produce a single Core Document for all schooling. The Core Document should include strategies for programme implementation, the overall sequencing of activities, priorities and budget requirements. Monitoring indicators and benchmarks should provide a basis for planning, programme implementation and evaluation. The Core Document should offer reforms and strategies and overall capacity building during the programme period. The Core Document will be used as a basis for agreement with development partners, and must be flexible enough to accommodate any necessary changes in context.

36 It was agreed that activity in the future will be guided by an Annual Strategic Implementation Plan (ASIP) and Annual Work Plan and Budget (AWPB), which will be negotiated on an annual basis with development partners. These negotiations will take place within the context of the Medium Term Expenditure Framework (MTEF) and the Immediate Action Plan (IAP).

Joint Appraisal Process

37 Using the World Bank's pre-appraisal and appraisal procedures as a guide, an overall process and timetable for Joint Appraisal was agreed as follows:

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| Apr - Jun 2003 | <ul style="list-style-type: none"> • Joint development of ToRs for elements as required by individual partners including: technical assessment; economic and financial assessment; etc. • Some development partners start to produce necessary documents. • MOES coordinates with NPC and MOF to make formal requests to development partners for future assistance. |
| Jun 2003 | <ul style="list-style-type: none"> • Joint appraisal/pre-appraisal mission to discuss strategies and financing of next phase • First draft of Core Document • Agreement on additional requirements |
| Sep - Nov 2003 | <ul style="list-style-type: none"> • Final Joint Appraisal Mission • Agreement on indicators • Baseline • Finalised Core Document including a reform programme strategy and a budget |
| Feb 2004 | <ul style="list-style-type: none"> • Full HMG/N clearance for launch • Final negotiations between HMG/N and the World Bank (the timing for negotiations between HMG/N and other partners is yet to be agreed). |

38 Despite being included in the ToRs, the issue of a Code of Conduct was not discussed.

Resource Framework Development

39 HMG/N preference is for common pool (basket fund). However, in order to accommodate the requirements of a wider variety of development partners, there must be flexibility in funding and support modalities. This approach is also desirable in Technical Assistance, although it was noted that individual partner arrangements have made this difficult in the current programme.

NEXT STEPS

40 It was agreed that a Joint Appraisal/Pre-Appraisal Mission will be held in June 2003.

41 It was agreed to try and coordinate the next Joint Technical Mission for BPEPII, the Final Joint Appraisal Mission for future support, and the next Secondary Education Support Programme Mission.

42 It was agreed that the final Joint Review Mission for BPEPII in March 2004 will be coordinated with the first Joint Review Mission for the next phase of support, which will be responsible for approving the ASIP/AWPB for FY 2005/06.

DOCUMENTATION

- 43 The following documents are integral annexes to this Joint Aide Memoire:
- a) Financial Management Report from the World Bank;
 - b) PAD triggers.
- 44 The following are reference documents for this Joint Aide Memoire:
- a) The Terms of Reference for the Joint Review Mission;
 - b) The Programme for the Mission;
 - c) Education for All 2004 – 2009: A concept policy framework for Basic and Primary Education in Nepal;
 - d) ASIP/ASPB for Fiscal Year 2003/04;
 - e) Outputs from group exercises during the mission;
 - f) Report on Updating Indicators;
 - g) Draft reports from the six Joint Field Monitoring Visits;
 - h) Un-audited project account for FY 2001/02;
 - i) Secondary Education Support Programme: Core Document;
 - j) Gender Audit;
 - k) HIV/AIDS Study;
 - l) Education Journalist's Review of Education in 4 Districts;
 - m) Review of the decentralisation of five pilot districts of BPEPII;
 - n) Schools as zones of peace;
 - o) Working in districts affected by insurgency;
 - p) Save the Children Nepal ECD Study.