

## **Draft Aide Memoire**

### **Joint Donor Mission - BPEP II (13 - 24 November 2000)**

#### Background

1. The Joint Donor Review Mission of BPEP II started on November 13 and was concluded with a debriefing in the MOES on November 24, 2000. The national reform programme, Basic and Primary Education Programme II, which is Nepal's single largest educational reform programme to date, started in 1998 and with basket-funding from July 1999. The donors providing support to BPEP II to a common 'basket' for integration into HMG's budget for education are Danida, EC, Finland, IDA and Norway. This arrangement is referred to as the Core Investment Programme (CIP). Danida, EC, Finland, Norway and UNICEF provide technical assistance in relation to CIP, referred to as the TA sub-basket. JICA and ADB are providing earmarked 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 co-ordination between all partners involved. Earlier missions of this kind took place 20 - 30 May 1999, 17 - 29 November 1999 and 10 - 19 May 2000.

#### Purpose and organisation of the mission

2. The purpose of this review mission - being the first of two in the Nepalese fiscal year was to review the status of implementation of BPEP II and make recommendations for the continuation and qualitative improvement of the programme. The mission was to assess the progress made during the first year of implementation against the annual plan (ASIP) and budget for 1999/00 and 2000/01 and against the Program Implementation plan and Policy Framework.

3. The mission was to identify bottlenecks and possible needs for adjustments in the plans and approaches, and to indicate realistic time frames for the escalation of components to all districts. The detailed purpose and scope of work of the review are outlined in the Terms of Reference, agreed between the donors and HMG.

4. The donor's representatives worked with HMG counterparts in three groups reflecting the three over all objectives of the programme: Increased equitable access and retention, raised learning achievement and strengthened institutional capacity. The groups went on field visits to three different parts of the country for three days (including travel time). Heads of the CIP donor delegations met with the Minister of Education and with representatives from Ministry of Finance and the National Planning Commission.

## Executive Summary

The Mission wants to highlight recommendations and conclusions related to the main questions raised by the DG of the DOE, Mr. Basnyat. In addition the mission has added the aspects that are considered the most critical at this stage.

### Donors' Appreciation of Achievements, Implementation and Strategies

5. The Mission recognizes that DOE has only been in existence since July 1999 and has still to fully define and fulfill its mandate. There has been substantial progress against the ASIP 1999/2000 targets. Many of the structures for better management and development of the basic and primary educational sector are now in place, but there are still numerous challenges in order to improve the quality of learning and teaching.

6. The DOE has improved the quality of the ASIP for the year 2000/2001 making it a key management document. Regarding implementation, serious capacity limitations still remain. In particular, the Mission views capacity building at the local level as the key challenge facing HN4GN in providing universal primary education.

### Basket Funding/Financial Management

7. The current financial management system still carries some risks. The basic accounting system and staff are in place, but overall financial management needs further improvement. In particular, forward planning, clearer budgeting mechanisms and capacity to effectively handle and monitor program related financing in nearly 100 cost centres throughout the country need to be strengthened.

8. Efforts are being made to streamline IDA guidelines to accommodate the categorization of budget lines with HMGN. Meanwhile, solutions have been proposed by the World Bank, and accepted by all CIP-donors, for the immediate problems concerned with the backlog of expenditure claims, audit reporting and project management reporting.

9. The Mission accepts the PMR monitoring indicators presented in DOE's "Performance Indicators, Monitoring Indicators and Monitoring Plan", of November 2000. So far only the total targets are included in the table. It is important that quarterly and annual targets are set realistically to avoid unnecessary constraints for the release of funds. The targets should be the same as in the annual budget and work plan.

10. IDA will approve the Statement of Expenditure on behalf of all the CIP Basket donors that will release funds from all the Special Accounts following the percentages agreed between the parties.

### Decentralized Planning and Capacity Building

11. Strengthening district and sub-district planning capacities are crucial to the quality improvements of teaching and the success of the overall educational reform programme.

12. At the district level, it is important that the budget ceiling and HMG overall strategies are communicated in a timely manner to all districts. The districts should be given flexibility within this ceiling to meet the needs of the district. The Mission agrees that budget ceilings to districts should be calculated on the basis of a fixed component, a component for physical improvement following the criteria in the Policy Framework, as well as a component based on

Number of children in school and children out of school. DOE needs to communicate to the districts the modalities for accessing CIP-funds.

13. Given the urgency to improve the effectiveness of public schools, DOE should start to pilot SIP/SMC in some of the schools already carrying out SIP to demonstrate bottom-up planning.

14. The Mission recommends that the DEOs publish districts budget and that the schools make public their annual budgets in order to increase the transparency.

15. TA support which may be mobilised from both internal and external sources should be utilised for strengthening planning capacity. However, it is also important to simultaneously strengthen capacity building efforts at central level to support this process.

16. At the sub-district level, Head-Teachers and other field staff such as Resource Persons need training in order to be able to support the effective delivery of educational services. The Head-Teachers should be granted authority and be partnered by strengthened School Management Committees that genuinely reflect the interests of the local stakeholders, especially parents.

### Monitoring

17. The EMIS and PMIS are in the process of being developed. The DOE has developed a comprehensive monitoring plan, including a proposal for 14 main Performance Indicators, which the Mission agrees to. However, the Mission wants to express some concern that the performance indicators might be taken too literally in the field, with an excessive concentration on quantitative targets ignoring the important qualitative dimensions of actual performance of teachers in classrooms.

18. The planned Third Party Review of the two first years of implementation should be launched as soon as possible to allow for preliminary findings to be presented to the next Joint Mission and a final report before the mission after that. The Formative Research Project should be operational as soon as possible in order to provide research-based feedback to the MOES on the implementation process.

## Technical Assistance

19. A considerable amount of TA is available to HMG from several sources but there has not always been complete clarity about the modalities of its utilisation. Donors have agreed to compile a comprehensive profile by mid January 2001 of these resources and modalities of funding. This should enable co-ordinated and effective utilisation of TA resource by HMG especially in relation to capacity building. HMG should ensure that non-CIP donors' technical assistance to the sector is coordinated with the donor-coordinating agency prior to approval.

## Cross cutting Issues raised by the Mission

### Institutional Capacity Building

20. The Mission is encouraged by the quality and comprehensiveness of the Institutional Analysis. It appears that it largely reflects the perceptions of the education system by the system itself. As those perceptions are shared very openly, it is important that the document is not used in a negative way. In line with this observation, it is agreed that the Institutional Analysis, would provide a platform of vital importance for the development of a

Comprehensive long-term staff and institutional capacity building plan. Continuation of the processes to develop this plan should therefore continue to be a top priority.

### Staff transfer

21. The frequent transfer of key staff at central and district levels constitutes a major concern for the Mission. So far little progress has been observed and the Mission requests HMG to adhere to the policy of limiting frequent transfers of key staff. Otherwise the effective implementation of the overall programme will be seriously jeopardised.

### Community Mobilisation

22. Several activities related to community mobilisation are under implementation or preparation inside as well as outside DOE, with a risk of overlapping and duplication of efforts. The core community-based institution acting as a focal point for most community mobilisation efforts should be the School Management Committee. Communication campaigns should act so as to empower SMCs, parents, in particular mothers, and other stakeholders through providing information on their educational rights and responsibilities.

### Gender equity

23. Mainstreaming gender concerns not only the equal participation of girls in education but also the kind of education provided, the staffing of the relevant institutions with

transparent recruitment criteria. In view of the forthcoming Mid Term Review, it is recommended that a comprehensive gender screening of the programme is carried out, in order to identify more pertinent strategies for making girls and women participate fully in primary education and in the management of it.

#### HIV/AIDS

24. The Mission was reminded of the need to address the issue of HIV/AIDS and its consequences for education. The epidemic is about to spread outside the traditional risk groups. The mission proposes that DOE should review efforts underway or planned to address the potential impact of HIV/AIDS on the education sector, with particular reference to human resource development, orphanhood and school security, as well as public awareness, through the existing BPEP components. This should involve not only the MOES and DOE, but also the ministry of health and other governmental bodies and civil society organisations. A proposal for a plan to address this issue should be developed in the nearest possible future. Donors could be approached with a request for assistance as deemed necessary. It is further recommended that review of progress in these respects should be included in the next joint BPEP mission.

#### Piloting

25. Another major concern, across several programme components, is how piloting and action research is being defined and used. It is important that DOE ensures that the experiences gained from the pilots are the basis for subsequent development and delivery of the component.

#### Teacher Education Policy

26. The roles of DEC, NCED and DOE in relation to teacher education need to be reexamined with a view to improving the efficiency and the quality of the training provided. A policy for pre-service teacher training with strategies, curriculum, and materials, should be in place for implementation before the next mission. The interpretation of the PIP should be flexible in the support of certificate training based upon the needs of the government. The

Current ADB proposal for certificate training, if forthcoming, has to be an integral part of the Ministry's programmatic approach including the CIP-support to certificate training.

Timing of next mission and Lead agency for year 2001 27. The next joint review mission will take place from 19 to 31 of March 2001.

## **Findings of the Mission**

### **Access and Retention**

#### **Piloting of Activities**

##### **Status**

28. Piloting is a crosscutting strategy in BPEP 2. Under access and retention, piloting is underway for alternative schooling, girls' education, ECD and special focus groups. Across all components of BPEP II, proposals have been developed for studies to evaluate 9 existing pilot activities.

##### Issues

29. Under the current ASIP, several pilot activities have been expanded to additional districts. However, any further expansion needs to be linked to analysis of the implementation and impact of the piloted activities. In the case of the flexible schooling and outreach programs under the alternative school component, there is little evidence as to the quality of teaching/learning with minimally trained teachers and reduced schedules. Additionally, alternative schooling programs do not sufficiently account for the education options for children upon completion.

##### Recommendations

30. The Mission urges the ongoing pilots and programmes to be evaluated, and the results incorporated into future programme development. In addition, the designs and strategies for the BPEP programme delivery should be piloted, and the lessons learned through such pilots should be used to improve the design and delivery strategies of future programs.

31. Under alternative schooling, in-service training for facilitators should be extended in order to meet the minimum competence required. A revised in-service training plan should be developed by the NFEC by the end of the year to reflect this. The possibility of including action research linking successive in-service sessions for participants should be examined for the future development of the in-service program.

##### NGO Involvement

##### Status

32. As noted in the last Aide-Memoire, the Policy Framework identifies the need for meaningful participation of NGOs in piloting and implementation strategies for several new initiatives under the program.

33. The mission appreciates the commitment, expressed by the DG of DOE, to build on new partnerships with NGOs and other Community Service Providers

34. In some cases, however, NGOs have been found not to fulfill expectations. In response, the government has identified preferred NGOs with good track records, and has developed guidelines for NGO engagement. As the implementation of some components is still in the early stages, the effectiveness of NGO participation is yet to be seen.

#### Issues

35. The main issue regarding the involvement of NGOs the extent to which Government retains overall control and supervision of activities undertaken by NGOs while attempting to foster true and sustainable partnership and collaboration between Government and NGOs. This has particular reference to NGO adherence to HMG policies, as well as the implementation, monitoring and assessment of activities carried out by NGOs. There does not appear to be a systematic mechanism for incorporating and mainstreaming NGO experience.

36. In some districts there are few NGOs with sufficient operating capacity to implement key activities. This has led, in some instances, to requests to BPEP II for financing overhead costs.

#### Recommendations

37. DOE section heads and district authorities should ensure that agreed guidelines for NGO engagement are followed, that HMG policies are adhered to and that there is on-going supervision and monitoring of NGO activities. Successful NGO experiences should be properly disseminated. One possibility would be the development of a regular BPEP II newsletter on NGO activities and other issues.

38. Consultations should be undertaken by the DOE Planning and Monitoring Section to verify in at least 5 sample districts that NGO engagement is being undertaken according to agreed guidelines. A brief report should be available to local donor representatives by May 2001.

39. Concerned Government bodies (MOF, MOES) should develop guidelines as to whether overhead costs can be covered in cases where there is limited availability of qualified NGOs for implementing program activities.

#### Improvement of Physical Facilities

#### Status

40. The last Aide-Memoire outlined key benchmarks and monitoring indicators for school physical improvement for the present fiscal year. A Maintenance Handbook has been developed according to the 1999/2000 ASIP target. There has been a considerable amount of classroom rehabilitation and construction (with JICA as the main supporter for construction). The carrying out of physical surveys fell short of targets. No information

was provided on the extent to which cluster-based school rehabilitation training for community members has been carried out.

#### Issues

41. It has proven difficult to produce SIPs prior to rehabilitation/construction to accurately reflect schools' needs and eligibility, which consequently, has not formed the basis for all rehabilitation and construction. Overall, the whole school approach has not been systematically followed whereby construction should be preceded by site improvement, sanitary improvement, renovation of all classrooms and third party evaluation.

42. There is a lack of school physical surveys and other reliable data upon which to select schools combined with insufficient physical verification of whether schools meet agreed criteria. There is evidence that external factors influence the selection of schools. In some instances, there is insufficient community involvement, exemplified by SMCs being formed for the sole purposes of signing off on SIPs.

#### Recommendations

43. Expansion of physical improvement activities should depend on positive evaluation of tile effectiveness of the pilot or small-scale experiences, as well as the capacity available to support the expansion.

44. The mission recommends that additional capacity for implementation be developed through the use of consultants for DEP/SIP development, monitoring and adherence to criteria in districts and clusters.

45. There should be sample-based third party review of the extent to which criteria for rehabilitation/construction are met, including the presence of strong community involvement. For physical improvement activities completed or underway as per the current ASIP, this should be completed by end-January 2001. Disbursement may be based on the outcome of such a review.

46. DEOs should ensure that cluster-based school rehabilitation training for community members is undertaken toward strengthening community participation as a central feature of this component. A plan for cluster-based training should be developed as part of the next DEP/SIP preparation cycle.

47. It was agreed during the previous mission that for districts not fitting into the GER and NER eligibility criteria, the criteria could be applied at VDC level. The parties agree that 80% of that budget has to be spent in districts, which are eligible as a whole, and that the remaining 20% may be spent in other districts with the limitation that only those VDCs that qualify under the criteria will be eligible for CIP funding.

#### Girls' and Women's Education

## Status

48. A key objective of the girls' education component is to increase the number of girls with minimal education attainment for later entry into the teaching profession. An evaluation of the appropriate role for feeder hostels is planned given the greater availability of secondary schools in remote localities. Last year, it is reported, that targets were nearly met for the distribution of secondary school scholarships, and incentives for the top ten achievers were provided in each district.

49. The literacy program has national coverage with only a portion falling under BPEP, and has been underway for approximately ten years. This year HMG decided to increase pay for literacy facilitators to bring it more in-line with that of other NFE facilitators. There is insufficient number of qualified facilitators for this and other NFE programs.

## Issues

50. In some cases the mission found that the distribution of incentives to primary school girls reached only as far as districts and were not distributed to the girls at all. It is reported that this was caused by administrative delays at the central level.

51. It is reported that class-level committees contribute to the effective running of literacy classes while ward- and VDC-level committees are largely political in nature and ineffective. There is a lack of post-literacy support for women who have completed WEP I and II

## Programs

### Recommendations

52. The proposed monitoring and impact study of the literacy component should review the course material's child development content to ensure its relevance for participating women and engender greater community support of ECD. Within 8 weeks of the study's release, the Women's Education and ECD Sections should produce an action plan to include additional ECD content into the literacy program.

53. Options should be explored for the development of post-literacy activities. These could incorporate the learning of relevant information from other BPEP-supported components such as ECD and community support of education, and/or training in small enterprise and skills development for women. A draft proposal should be prepared by the NFEC for discussion by the next mission.

## Special Needs Education

### Status

54. Targets for Education of Focus Groups and Special Education for the disabled were met in terms of undertaking household surveys of focus groups of disadvantaged (mostly low-caste) children. However, achievement was well under target for the preparation of advocacy materials and for organising and orientating community groups to support this component at the community and school levels.

55. Under the special education component, teachers have received specific training on teaching the disabled. A pilot is underway in one district for inclusive education. It is reported that all 1999/2000 ASIP activities were completed except for the development of educational materials in 5 areas of disability.

#### Issues

56. In the education of focus groups, low achievement of some targets suggests that there is insufficient community participation for the formulation of the program according to local needs and information about the program within communities. The distribution of incentives was hampered in the same way as that of the primary girls' incentive program whereby payments reached only as far as districts, but not to the beneficiaries themselves.

57. For special education, the integration of disabled children into regular classes is hampered by the low number of teachers with specialised training in special education. Neither the Special Education nor Physical Improvement Components make specific reference to the need for or modalities to undertake physical modification of school facilities to improve access for physically handicapped children.

#### Recommendations

58. DEOs should take immediate measures to ensure that incentives for focus groups are distributed in accordance with guidelines for the formulation and active participation of community groups. Simultaneously, efforts should be taken for community-level advocacy and for the dissemination of information on the program. The status report prepared for the next mission should accurately reflect the extent to which incentives were distributed from districts to beneficiaries, not just received by districts.

59. It is necessary to continue the development of special needs education as already initiated, and to clarify the approaches involved within the broader concept of inclusive education.

60. The last mission expressed its concern about the unit for special needs education being physically located outside of the DOE building. The DG DOE should develop a position briefing and, if necessary, plan of action addressing the location of the Special Needs Education Section prior to the next mission.

#### Early Childhood Development

#### Status

61. A few centres are being transferred from schools to communities in an effort to reinforce community control of ECD activities and discourage formal primary school instruction. ECD training has been provided to facilitators in new centres and to some in old centres. A draft curriculum has been prepared and will be distributed in January 2001. Two evaluations have been carried out.

#### Issues

62. Demand for ECD from areas without centres has been reported, but the matching funding mechanism has created difficulties in poorer areas with the possibility of some centres closing. Support from VDC and DDC is limited, especially as ECD centres are perceived as DEO programmes. NGO participation in implementation is minimal. As noted by previous missions, there are questions surrounding the quality of ECD activities.

63. The previous Mission (programme and budgeting) stated that basket allocations for ECD should be limited to 20 districts, and that these should be closely monitored before there is an expansion in future years. As DOE found it difficult to withdraw quotas already granted to 21 other districts, without review of their activity, such reviews have been carried out in all relevant districts since the Mission. As a result, quotas have been withdrawn from 2 districts while one additional district has been granted a quota.

#### Recommendations

64. For the fiscal year 2000/01, the donors accept that ECD centres that are running in more than the recommended 20 districts on the basis of earlier approvals for basket funding be financed from the basket. Subsequent programming should be guided by the results of evaluations.

65. There should be more in-service training in the use of ECD guidelines and materials. In-service training should be revised to include activities and skills more relevant to the ECD guidelines and objectives (i.e. include more practice of activities which facilitators are expected to carry out with children).

66. The ECD and Community Mobilisation Sections should develop a strategy and plan of action to strengthen community support in communities which to date have been unable to supplement the pay of facilitators. This could be achieved through strengthening and expansion of the current parents awareness program. The role of VDCs, DDCs and NGOs in the planning and monitoring of ECD centres in Ilam should be reviewed by HMG.

#### Community Mobilisation

#### Status

67. A number of community mobilisation activities have been undertaken, although it is unclear as to whether the coverage has been as extensive as reported. TORs have been prepared for the information strategy, as agreed during the last mission, but it is not evident how this strategy is linked with the ongoing development of Information, Education and Communication (IEC) materials.

#### Issues

68. Several activities related to awareness raising and mobilisation seem to be under implementation or preparation with the risk of overlapping and duplication of efforts. Moreover, communities are being asked to establish numerous committees and participate in a variety of workshops. The role of NGOs in community mobilisation is minimal.

#### Recommendations

69. Better reporting is required on the coverage and effectiveness of community mobilisation activities. The next status report should reflect more precisely which community mobilisation activities have been completed.

70. Where feasible, the functions of committees at the community level should be merged to reduce the burden on people. A recommendation should be included in DEP guidelines to address this.

#### Learning Achievement

71. The following components deal specifically with learning achievement. However, it is understood that changes in quality and teaching and learning practices are dynamically interlinked with components under Access and Capacity building. Without addressing issues such as community and parent involvement; head teachers and SMC empowerment; RP involvement in teachers' professional support; and female teacher, head teacher, RP, and DEO recruitment, little quality improvement is expected.

#### Curriculum and Textbooks

##### Status

72. In the fiscal year 1999/2000, considerable developmental work has been carried out on mother tongue curricula, reading materials, and workbooks for the primary level. This work is planned to continue in FY 2000/2001. Four modes of textbook distribution are being piloted. In addition, an impact study of the current primary curriculum is planned.

##### Issues

73). Two optional mother tongue curricula have been developed in addition to those five that have already been planned. However, for many children in the early grades, their mother tongue is not the medium of instruction.

#### Recommendations

74. The issue of bilingual education should be looked into and a national strategy developed. This strategy should be connected with the issues of curriculum and textbook development, teacher recruitment, teacher training, and the financial implications.

#### Continuous Assessment

##### Status

75. CAS has been introduced into Grade I classes in all schools in the five compulsory primary education districts. This introduction has included free workbooks, student portfolios, and teacher orientation.

##### Issues

76. In many cases, teachers do not have sufficient skills to use CAS in their classrooms, and their teaching methodologies do not fit with the basic ideas of CAS. There is a lack of conceptual clarity of CAS among stakeholders (parents, teachers, RPs, DEOs, DOE).

#### Recommendations

77. Substantial support should be given to efficient implementation of CAS. This could require capacity building activities involving center level staff, DEOs, and RPs, and subsequent intensification of training teachers in the use of CAS in the classroom.

#### Recurrent Teacher Training

##### Status

78. Recurrent teacher training has been given in two modes: Whole School Approach Training, and Modular Training. Within the WSA training, some 15,000 of the targeted 21,530 received RC based training, and teachers of some 4,500 schools received school based training. Within Modular Training, some 22,000 teachers of the targeted 32,762 received ten days' training. DEC in conducting a recurrent teacher-training pilot with little co-ordination with DOE.

##### Issues

79. There is an acknowledged problem that contents of recurrent teacher training and certificate teacher training do not easily transfer into classroom practices. There might be several reasons for this phenomenon. Some of these are: (i) the quality and relevance of

the training; (ii) lack of follow-up and support after the training from head teachers, RPs, and SMCs; (iii) a general natural reluctance to initiate change in the existing practices; (iv) poor physical and financial circumstances that teachers are facing in classroom situations including overcrowded classes; and (v) good teaching practices do not receive due recognition. Additionally, there is no link between certificate and recurrent teacher training, and little coordination between NCED, DOE, and DEC. Moreover, the effectiveness of lead RCs in improving the quality of schools has yet to be proven.

## Recommendations

80. Recurrent teacher training, whenever appropriate, should be based on practical teaching skills development in a classroom context. Therefore, the current initiative to develop a new school-based approach to recurrent teacher training should be extended with a programme for the training of head teacher following the same approach. The use of key teachers and lead

RCs needs to be further reviewed for the next mission. The UNICEF supported pilot for recurrent training at DEC should be reviewed before the next mission.

81. Both permanent and existing stock of temporary teachers should be eligible to receive recurrent training while the priority given to female teachers should continue. Moreover, the government should develop a policy to better co-ordinate NCED, DOE, and DEC, and to more clearly link recurrent and certificate training. Additionally, the concept of leadership in the school context should be strengthened by establishing a cadre of professional head teachers to provide pedagogical management and guide the policies of a school.

## Certificate Teacher Training

### Status

82. Certificate training is divided into four 2.5 months' packages. NCED conducted the I<sup>st</sup> and the 4<sup>th</sup> of these packages. Some 3,000 primary teachers received the first package training. Other training was given to about 500 head teachers. DEC conducts the 2<sup>nd</sup> and the 3<sup>rd</sup> packages in distance mode. In FY 1999/2000, they provided 3<sup>rd</sup> package training for some 16,000 teachers. In FY 2000/2001, they plan to provide 2<sup>nd</sup> package training to a further 10,000 teachers. No pre-service training is being provided in FY 2000/2001.

### Issues

83. Since the beginning of BPEP 1, fewer than 100 teachers have completed all four packages of certificate teacher training as provided by NCED. Only 60 per cent or 3,000 teachers of the targeted amount have received the I<sup>st</sup> package. Female teachers are underrepresented in certificate teacher training courses. In spite of the government efforts to expedite teacher training through DEC, there is still a serious bottleneck in terms of the delivery of packages I and IV.

84. There is a lack in the supervision and follow-up of the NCED certificate training at school level. Moreover, the current ADB proposal for certificate training, if forthcoming, should be considered within the framework of BPEP II and the CIP support to certificate training.

#### Recommendations

85. The roles of DEC, NCED, and DOE in relation to teacher education need to be reexamined with a view to improving the efficiency and the quality of the training provided.

86. A policy for pre-service teacher training with strategies, curriculum, and materials, should be in place for implementation before the next mission. The interpretation of the PIP should be flexible in the support of certificate training based upon the needs of the government.

#### Capacity Building

##### Strengthening Department of Education

##### Status

87. DOE, defined as the technical wing of MOES, is still a new structure. It was established in July 1999 with the view to making it operational from the beginning of FY 1999/00. This coincided with the enactment in April 1999 of the Local Self-Governance Act, thus requiring MOES to oversee and support educational operations at decentralised levels. The single largest activity undertaken by DOE during the first half of FY 1999/2000 was to initiate and guide district planning in all of the 75 districts and to respond to it.

88. The DOE leadership has taken several steps to address these issues. This includes redefinition of DOE job descriptions to align them with its mandate to oversee effective implementation of BPEP II in its totality.

89. The system including line management and support institutions is largely in place at central level.

90. A major activity related to capacity building for educational improvement is a draft Institutional Analysis presented to the mission for discussion. This recent comprehensive analysis complements earlier studies by the Asian Development Bank (ADB) as part of civil service reform in Nepal and the Academy for Education Development (AED) during project preparation. These studies might constitute an adequate foundation for DOEs approaches towards operationalizing long-term staff and institutional capacity building plans.

91. The ASIP for FY 1999/2000, provided to the mission, constituted a major improvement compared to the last one with Part I responding to the format agreed to during the joint mission in May 2000.

#### Issues

92. The core mandate of DOE is to be responsible for implementation and monitoring of the educational reform programme (BPEP II) at all levels of operation, but with particular attention to the decentralised district, village and school levels. However, DOE has equally been given the responsibility for administration and management of CIP funding which largely covers the development and investment allocations in the national budget for basic and primary education. The status and structural relationship between specialised institutions (NCED, PTTCs, NFEC, DEC) and DOE is problematic in terms of communications, overlapping technical responsibilities, financial management and procurement etc. and the various working relationships still need to be appropriately elaborated.

93. Several important actions have been taken to systematically address the challenges of institutional capacity building within DEO and the Ministry itself. A key initiative in this respect is the Institutional Analysis, and its effective follow up. Preliminary findings presented to the Mission clearly indicate the needs for a thorough and competently guided capacity development process.

94. Frequent transfer of key staff at central and district level is seriously hampering the efficient implementation of the Program. This issue has been addressed repeatedly by donor during and between review missions. So far little progress could be observed, but the Mission appreciates attempts by the Government towards implementing the policy aimed at improving retention of BPEP II key staff. However, adherence to existing policy is necessary, but not sufficient condition.

#### Recommendations

95. The Institutional Analysis would provide a platform for the development of a comprehensive long-term staff and institutional capacity building plan. Continuation of the processes to develop this plan should continue to be a priority.

96. Since the full-scale capacity building plan is not expected to be ready for implementation until August 2001, a short-term Capacity building plan should be worked out and implemented. The basic principle in such an interim plan would be that it leads into the long-term plan by including some of the central issues to be addressed in the future plan, while at the same time providing training opportunities in areas of immediate concern. Funding of the plan would need to be explored in consultation with the local donor group, considering possibilities for non-CIP funding.

97. The mission appreciates the urgency expressed by the DOE DG to reconcile the ASIP preparation with the Government's budgetary cycle and process and supports the DG's

initiative on advancing the budget planning process to complete the ASIP for FY 2001/02 by the next mission.

98. The mission perceives staff retention as a precondition for cost effective investments in capacity building. The donor agencies attach particular relevance to staff retention among their conditionalities for tranche release. DOE is urged to implement its own policies on staff transfer and retention to ensure effective functioning particularly at the field level.

### Strengthening District Planning and Local Capacity Building

#### Status

99. The DOE places high importance on decentralised planning, and, as per the requirement of the Local Self-Governance Act (LSGA), has required all districts to prepare district education plans following a participatory process. However, the DOE recognises that the DEN prepared so far represents a limited effort towards bottom-up planning objectives and therefore plans on maximising the bottom-up planning approach in five districts in FY01/02 and seven more districts in FY02/03) based entirely on school improvement plans (SIPs).

100. During the first year, the CIP district level allocation was only 44 percent, while it is around 67 percent during the current fiscal year. For the fiscal year 2001/02 DOE has proposed budget ceilings in the ratio 80:20 to districts and central level

#### Issues

101. Given the magnitude of the DEP tasks and the mechanism and skills required to support and guide these functions, the DOE has recognized the need to mobilise additional technical resources such as involving an independent national firm, using TA sub-basket etc.

Areas requiring additional resources include:

- ✓ Improving guidelines for preparing DEPs
- ✓ Developing criteria and procedures to review district plans
- ✓ Assessing district level needs to plan and implement BPEP II programs
- Developing training packages for district level planning and implementation teams
- Providing training to central level officials responsible for district planning, etc.

102. For FY 2001/2002 DEO proposes to follow a base formula for a more transparent allocation of budget ceilings education planning. The formula will allow for better targeting of funds to districts according to needs. A draft formula was discussed during the mission as follows: a core funding of Nrs. 2.5 million to every district; an allocation for physical improvement calculated separately (based on the criteria and policies in line with the

policy framework), and an additional allocation based among other criteria on number of school age children.

***Recommendations:***

103. Given the urgency to improve the effectiveness of public schools. DOE should start the SIP/SMC piloting in some of the schools already carrying out SIP to demonstrate bottom up planning.

**CIP Programme Management**

**Monitoring**

**Status**

104. The May 2000 Mission made efforts to clarify the rather complex picture of monitoring mechanisms and indicators within the programme. The Mission in its Aide Memoire defined a set of indicators for the implementation of this year's budget. That Mission also asked Norway to systematise the various long-term performance indicators to be found in programme documents and agreements, and to propose a limited number of common progress indicators. A draft version of the Norwegian proposal was circulated among donors and HMG in September. No substantial changes of the document were proposed.
105. DEO has presented to this Mission a comprehensive Monitoring Document including Performance Indicators, Monitoring Indicators and a Monitoring Plan. The Mission recognizes the extensive work undertaken by the DEO to prepare the reporting on educational statistics for the EFA 2000 Conference Dakar.
106. The previous Mission proposed (AM 40) that an independent third party carries out reviews of specific process and qualitative aspects of the programme and identify implementation issues to be raised at joint review missions. It proposed that the development partners should jointly agree to TOR and modalities for the independent study. The Norwegian partner involved in the planned Formative Research Project (FRP) under BPEP II Technical Assistance has been consulted but could not effectively deliver the Third Party Review in the time stipulated.
107. DOE and the Local Donor Group have worked out TOR for a Third Party Review that has been submitted by DOE to the Programme Executive Board for approval on the HMG side. UNICEF has indicated its willingness to finance and manage the review.

***Issues***

108. In relation to the Monitoring document, donor and HMG should agree on:

- A common set of performance Indicators
- ✓ A set of Monitoring Indicators for the PMR for release of funds from the basket
  
- ✓ The use of Formative Research and Third Party Evaluation.

#### Recommendations

109. The donors agree to the set of 14 Performance Indicators proposed by HMG. The donors agree to the of PMR Monitoring Indicators proposed by HMG. So far only the total targets are included in the table. It is important that quarterly and annual targets are set realistically to avoid unnecessary constraints for the release of funds.

110. The planned Third Party Review of the two first years of implementation should be launched as soon as possible to allow for preliminary findings to be presented to the next Joint Mission and a final report to be issued shortly after. The Formative Research Project should be operational as soon as possible in order to provide research-based feedback to the MOES on the implementation process.

#### CIP Financial Management

##### Status

111. A major challenge facing DOE is the management of program financing at the center, specialised institutions, and 75 districts of the country comprising over 100 cost centers. A detailed note on financial management was circulated during the mission covering the current financial management status and a number of issues stemming from a review of the actual operation of the program during a September 2000 by the WB Nepal Country Office. The Department of Education has provided an action plan to address various shortcomings, a positive outcome. The Department commented that many of the problems are related to startup and have already been corrected. However financial management carries risks at present. The mission notes that while the basic accounting system and staff are substantially in place, overall financial management still needs close attention and further improvement in particular in putting in place forward planning, clearer budgeting mechanisms and capacity to effectively handle and monitor program related financing.

112. There is at present a substantial backlog of reimbursable expenditures. This problem is linked to: (a) the need to adhere to consistent and transparent procurement processes and provide adequate clarification where donor reviews note deviations from agreed procedure; (b) DOE difficulties in billing the appropriate categories for disbursement linked to inappropriate budget and item headings and budgetary authority to district level.

113. The first audit report from the Auditor General is due January 15, 2001. The task is especially complicated due to the large number of cost centers. Timely report preparation is presently linked to the expenditure backlog noted above, and a need for clarity to claim certain expenditures under the appropriate heading and category. Undue audit delays

could seriously affect donor financial advances/replenishments and possibly lead to suspension of funding.

114. Regarding the Project management reporting (PMR), the two initial submissions have been of unacceptable quality, related to wrong budget headings, category of disbursement problems and a lack of co-ordination in DOE units in the preparation of consolidated procurement reports.

### Recommendations

115. To solve the problems related to expenditure claims backlog, the donor group recommends (a) that henceforth DOE provides IDA with contracts for prior review as per DOE's action plan of November 02, 2000 and that IDA may choose to accept, on an exceptional basis, requests for reimbursement against contracts signed prior to the DOE November submission where bona-fide procurement procedures of HMG followed by DOE may be deemed to be not in full conformity with the agreed use of IDA Guidelines; (b) the Draft IDA note on Financial Management circulated to the mission should be formally transmitted as a document of record to DOE and with regard to budget headings, budget authority to district level, and category of reimbursement claim, and that the recommendations pertaining to these areas (see attachment) should be adopted by DOE. In addition the mission recommends that DOE should provide clarification and seek IDA concurrence on procurement.

116. The DOE is requested to provide confirmation to the donor group regarding its plans to meet the statutory January 15 audit "submission date, including clearance of expenditure backlog claims.

117. The Project management reporting (PMR) depend on resolution of expenditure issues noted above and it is recognized that PMR based disbursement by IDA will not be possible this fiscal year, however, the PMR format provides valuable reporting data common to the interests of the donor group and represents a basis for common reporting to the group. It is recommended that DOE should give priority to resolving remaining issues to computerized PMR production, and to resolve project-monitoring issues with the NPC.

### Strengthening procurement capacity at DOE

#### Status

118. In September 2000, a mini ex-post review of procurement cases undertaken by tile project was conducted by members of the KFO procurement team. A sample of 12 different cases covering goods, works and consultants was selected for review. The review clearly revealed that in several cases, procurement did not in fully comply with

procedures stipulated in the FDA Guidelines and Legal Agreement. Some reasons for deviations are attributed to the following:

Except for the Physical Services Section (PSS) of the DOE, procurement in other units was not systematically planned or executed,

Each unit of the DOE was conducting its own procurement independent of other units even though some of the procured items were common,

The personnel handling procurement in each unit, except the PSS, appear unaware of the need to undertake procurement in accordance with FDA procedures,

There was absence of clear nomination of personnel dedicated to co-coordinating the overall planning and implementation of procurement and overseeing that It is carried out In accordance with DCA provisions.

Lack Of Continuity\* in the leadership - with three Director Generals (DGs) being appointed within the last one year.

#### Issues

119. In response to the findings of the mini review, the newly appointed DG has assured the Bank that henceforth, the DOE would make every effort to ensure that procurement is planned and carried out in accordance with DCA requirements and Bank Guidelines.

120. To this end, and as an initiation of corrective measures, the DG has nominated four senior DOE personnel as Procurement-In-Charge for all procurement related to Goods, Works, Consultants and Services respectively. However, it must be understood that project procurement activities at the centre would remain fairly static over time, but those at decentralised levels would successively increase. To enable decentralised procurement to be handled with the same efficiency as at the centre, district staff would need continuous support in the form of regular training and monitoring of their activities. Planning and monitoring all project procurement would thus be a full time affair, and it may not be fair to expect the personnel currently designated to oversee procurement to fulfill their regular departmental duties as well as oversee all project procurement. Thus, there is an urgent need for the DOE to enhance its procurement capacities to successfully plan, co-ordinate and implement the successively increasing procurement needs of the project.

121. The staff designated for procurement may not have the necessary experience in Bank procurement procedures including preparation of documents, bid invitations and evaluation and day-to-day overall contract administration; and this could lead to ever increasing delays.

#### Recommendations

122. In order to ensure that all procurement is carried out smoothly and in accordance within the planned schedules, the Mission strongly recommend that DOE take certain remedial actions as summarised below:

Hire external consultants or induct HMG staff specialised in donor-funded procurement, to do the bulk of the day-to-day activities and prepare regular status reports. The following additional staffing is recommended: (a) 2 consultants/staff specialized in procurement, (b) one specialist to conduct regular procurement training at districts and the centre; (c) one consultant/staff specialized in financial management and financial reporting to assist the DOE accounts staff currently designated to supervise preparation of the PMR.

Form a Procurement Committee consisting of the currently designated Procurement-In charges and selected number of the specialised procurement staff, including those of other MOES agencies, under the chairmanship of the DG. This committee would be responsible for:

- a) conducting reviews of procurement planned by each DoE section; b) consolidating the procurement lists for packaging, timing etc.;
- c) Deciding on optimal procurement methods and prepare necessary documents;
- d) Assisting the concerned sections in inviting bids, bid evaluation, contract administration and maintaining a progress report of procurement activities that will be instrumental in preparing trimesterly Project Management Reports.

Carry out semi-annual internal reviews of procurement processes, performance against targets and compliance with the guidelines.

Technical Support / Studies

Status.

123. The local donor group has initiated the compilation of technical assistance available from different donor agencies. The group will complete by January ~ 15, 2001 a profile of the

**Attachment**

Classification of Disbursement Category and Expenditure Clarification

The DOE wrote a letter to IDA on September 13, 2000 seeking clarification on which categories to charge expenditures incurred to prepare district education plans and to

provide counterpart funds for JICA supported construction. Subsequent to this letter, IDA carried out a review of financial and procurement management in September 2000 on behalf of the BPEP II CIP donors. Based on the findings of the review, discussions with the DOE DG and his staff, and the DOE response of November 2, 2000, the mission proposes the following:

District Education Plans (DEPs). The mission agrees to the DOE proposal to charge the cost of preparing the district education plans to Category 5 (local training, grants and scholarships) as an exception for the expenditures incurred during FY99/00 only. Given that the DEPs were prepared through a participatory process and involved a large number of participants in each district, it is important to recognize the broader impact this has had in the district planning process. However, from FY00/01, the expenditures need to be charged according to the composition of expenditure. For instance, expenditure for training could be charged to Category 5 whereas expenditure for TA/DA, stationary etc. need to be charged to Category 6 (Incremental Salaries and Operating Costs). The DOE also needs to provide a list of districts that will prepare comprehensive district plans (up to 30 by the third year) along with the criteria for selection and composition of expenditures. JICA Supported Construction. Regarding the expenditures associated with JICA supported school construction, the mission agrees to the DOE proposal to charge Category I (civil works) for grants provided to schools for construction and Category 5 (operating costs) for operating costs such as depot rental, transportation of materials and associated expenditures. However, there is still need for evidence to demonstrate that standard procedures (for example, school selection through SPIP process) were applied to select the needy schools. It is for this reason that the mission proposes carrying out selective audit of these expenditures combining site visits and documentation review. The DOE also needs to provide a list of districts receiving JICA support along with the criteria for selection. Finally, if counterpart fund is to be used from the CIP basket, it would have to be reflected in the ASIP, which would have to be approved by the BPEP II financiers as part of the overall program.

Besides the above two clarifications as proposed in the letter of September 1-3, 2000 from the DOE, the mission would like to provide the following clarification for other expenditures based on the findings of the review of procurement and financial management:

Textbooks. Textbooks have been wrongly categorized under Category 5. The mission proposes that all textbook procurement be re-categorized to Category 4 (Goods).

Allowance. Allowances may be payable only if they meet the Government norms and constitute part of program implementation. A no-objection was provided to the DOE to pay for honorarium to technical committees as indicated in IDA's letters of June 20 and July 10, 2000, and as proposed by the DOE in its letter of July 10, 2000. All expenditures for honorarium should be charged to Category 6. However, a clarification needs to be made in terms of Government norms and what payments would constitute under this category.

Construction/rehabilitation expenditures from the CIP fund. IDA has so far received three sets of documents including the process adopted and contract used. The mission agrees in principle to the proposed procedure and the contract used. A separate set of comments relating to the improvement of SPIP procedure and content of the contract document will be provided formally to the Government. It is expected that the DOE will use a revised version of the SPIP procedure and contract in the future.

Construction of DEO buildings. The DOE needs to provide a list of districts that will construct DEO building and criteria for choosing these districts.