

**Semi-annual progress report no. 2
January to June 2005**

**on
Danish Direct Funding
to
Ministry of Education and Sports, Nepal**

**Submitted by
Education Sector Advisory Team**

Abbreviations

ADB	Asian Development Bank
AIT	Asian Institute of Technology
ANNFSU	All Nepal Nationalist Free student Union
ASIP	Annual Strategic Implementation Plan
AWP&B	Annual Work Plan & Budget
BPEP	Basic and Primary Education Programme
CDC	Curriculum Development Centre
CLA	Central Level Agencies
CPN-M	Communist Party Nepal - Maoist
DEO	District Education Office
DFID	Department for International Development (UK)
DKK	Danish Kroner
DoE	Department of Education
EFA	Education for All 2004-09
EMIS	Education Management Information System
ESAT	Education Sector Advisory Team
HIV/AIDS	Human Immune-Deficiency Virus/ Acquired Immune Deficiency Syndrome
HMG/N	His Majesty's Government of Nepal
ICBP	Institutional Capacity Building Plan
IDP	Internal Displaced Person
IIEP	International Institute of Educational Planning
MoES	Ministry of Education & Sports
MTR	Mid Term Review
NCED	National Centre for Educational Development
NFEC	Non-Formal Education Centre
NGO	Non-Governmental Organization
NIEPA	National Institute of Educational Planning and Administration
PID	Program Intensive District
PRSP	Poverty Reduction Strategy Paper
SC	Steering Committee
SESP	Secondary Education Support Programme 2003-09
SEAMEO	South East- Asia ministry of Education Organisation
SLC	School Leaving Certificate
SWAP	Sector Wide Approach Program
TA	Technical Assistance
TUN	Teacher Union of Nepal
UN	United Nation
UNESCO	United Nations Educational Scientific & Cultural Organisation
UNICEF	United Nations Children's Fund
VCDP	Village Community Development Plan

Executive summary

This reporting period was mainly focused on closing already initiated activities and preparing for the outstanding settlement of all Basic and Primary Education Programme II 1998-2004 (BPEP II) related activities.

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Significant activities, funded under BPEP II were the support for 12.000 schools in collaboration with UNICEF, World Education and Department of Education (DoE). Preliminary data and anecdotal evidence bear witness to a considerable increase in enrolment, among others due to the campaign.

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MoES and DoE meeting facilities were finalised, offering improved physical conditions for the MoES and DoE to interaction with partners to the sector.

The national curriculum framework was finalised and the draft submitted to the Curriculum Council at Curriculum Development centre for approval. At the time of reporting, the Council has not made any decision.

The examination reform research programme is currently finalising data collection and processing. It is expected that a main report will be submitted in August 2005.

The institutional capacity building plan development, undertaken by officers at National Centre for Educational Development (NCED) is well underway and NCED expects to finalise the plan early autumn 2005.

The 3rd Education Regulation, facilitated through direct funding, was submitted and approved by the cabinet.

Many more activities were carried out during the period. The total expenditure amounts to approximately DKK 3.6 million for the reporting period.

Whenever feasible, activities are documented and can be found at www.esat.org.np

Introduction

Danish support to the school education sector in Nepal consists of contributions to pool/joint funding and direct funding.

Danish direct funding is a strategic supplement to the sector budget support (pooled and basket funding) to achieve the objectives of the sub-sector plans: Education for All 2004-09 (EFA) and Secondary Education Support Programme 2003-09 (SESP). EFA and SESP forms the two components of Denmark's support to the education sector in Nepal. .

The EFA pool funding, utilising a sector budget support modality is undertaken in a joint arrangement with Norway, Finland, DFID and World Bank. Currently, HMG/N provides 75.5% of annual expenses and donors 24.5% on a pro rate basis¹. The Danish contribution for EFA amounts to DKK 200 million of which 20% or DKK 40 million is allocated for direct funding, Danida.

SESP is co-funded in a basket modality with the Asian Development Bank (ADB) and HMG/N (His Majesty's Government of Nepal). Distribution of expenses is 40% for Denmark and ADB respectively and 20% for HMG/N. The Danish grant of DKK 265 million consists of 80% for the basket and 20% or DKK million for direct funding.

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In total, the Danish grant for the education sector in Nepal for the years 2003-09 amounts to DKK 465 million².

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This semi-annual progress reports records status of activities undertaken through direct funding only. The report also documents the final and closure of activities of Basic and Primary Education Programme II 1998-2004 (BPEP II).

The report falls in two parts.

The first part consists of a narrative executive summary of development in the education sector and with regard to Danish direct funding. After presenting principles for Danish direct funding and the policy of the Steering Committee for capacity building and development, the semi-annual report pays attention to critical issues and key developments for the education sector that also form and contribute to the context and background for Danish activities in the sector. This particular part focuses – as a general rule - on information that is not reflected in MoES status reports. Next follows a brief description and assessment of the impact of Danish direct funding for capacity building, supplemented by an overview of key financial information. The narrative part of the closes with a summary of issues concerning Danish direct funding that it is recommended to the Steering Committee to deal with.

The second part consists of tabled basic information on activities and progress related to individual components as well as the quarterly financial reporting.

¹ Current shares (fiscal year 2004/05); Denmark: 18,7%, Finland: 9,3%, Norway: 15,4%, DFID: 23,3%, WB: 33,3%

² Excluding BPEP II final contributions

Part II

Change through capacity building

Danish direct funding is a strategic supplement to the overall institutional capacity building in the education sector. This means enabling institutions to provide outputs that are responsive to the educational needs of beneficiaries and hereby enhance socio-political accountability. Further, the capacity building focuses on enabling of institutional and systemic learning in order to enable change and implement reform activities in the education system in a sustainable manner.

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Direct funding supports the overall efforts through a focus on changes in outputs, and reporting attempts to record of the actual achievements in capacity to deliver. The correlation between plans, budgets, expenditure and achievement is an important vector for the institutional learning.

This also goes for factors in the education that drive or/and constrain the structural and institutional development for change and reform. To provide adequate perspectives and better sense to corrective measures, attention will be given to contextual elements that influence the feasibility of change and reform.

An education system is characterised by being the public service that reaches out to most people. This is also the case in Nepal. Institutions, as parts of the education system, form an organisational network, meaning that all institutions are linked to and dependent on other institutions and in ways that vary with subject, the relational context, formal, informal etc. The formal relationships vary with changes in the administrative balances of authority and personalities.

A functional perspective – focusing on purely internal administrative rationality like organisation of work processes, divisions of labour, administrative technologies etc – will be insufficient to understand the dynamics in which capacity building takes place, hence leading to misinterpretations of success and failure.

Finally, the reporting on outputs of capacity building, funded through Danish direct funding focuses on traditional organisational elements such as leadership and commitment, complements to (development of) strategies, policies and plans, administrative tools and mechanisms, institutional change and restructuring of division of work. However, due to the aforementioned concept of capacity building, reporting will also attempt to take into account socio-political issues of the environment, deemed necessary for a comprehensive and holistic understanding of education, including shifts in structures and balances.

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Critical issues and key developments for the education sector

In beginning of February after the king took over the executing power dismissing the multiparty government launched a 21 point agenda, including provisions for a nationalistic curriculum for school education.

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One of the first new measures that were instituted after the Royal take over was daily, weekly, and monthly reporting on activities of each and every agency. Late February, the Secretary was changed and a new acting Director General of DoE was put into the chair. Additional transfers

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were seen at the District Education Officer level, but not among operational managers of EFA and SESP in Kathmandu.

The introduction of a nationalistic curriculum is prepared by a group of officer formed by MoES, but chaired by the Executive Director of Curriculum Development Centre. At the time of reporting, the form and/or content of the reform of the curriculum or to what extent it will impact on the current reforms of primary and secondary education is not known.

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Donors to the sector adopted a two-pronged policy position. New activities with regard to programming will not be initiated by most donors and the existing independent verification of the school education sector was to be strengthened.

On 8 June, pooling donors to EFA, complemented by other non-pooling donors, agreed to a terms of reference for the strengthening of the independent verification of Government implemented educational activities. Through a sample survey of 1,000 schools and review of Government documentation, the independent monitoring will attempt to verify

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- The fiscal discipline
- The strategic allocations
- The efficiency of service delivery

The verification process will run three times a year.

ESAT was tasked to facilitate the establishment of a team that will carry out the verification. By 1 July, a team leader was contracted and the team became operational.

One of the student union, All Nepal Free Student Union revolutionary (ANFSU-), affiliated to the CPN-Maoist, conducted a month long campaign against the education system, during March and April forcing private schools to close down. . During this period, normally exams and enrol for the coming academic year take place. About 8,000 schools with an enrolment of about 1.5 million children were affected. The campaign against private schools was enforced through explosion of bombs in private schools in particularly the low land/Terai belt. Apart from the psychological strain on children, parents and teachers, enrolment pressure increased temporarily on public schools as well as permanent enrolment in schools in India. Certain border cities saw significant increase in children going to schools in India, returning every evening after classes.

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During the campaign, CPN-M affiliated students from “The East Command” issued a statement that

- Private schools across the country - close down forever
- Make secondary school education free
- Do not hand over schools to the community
- Boycott a curriculum that have feudalistic character and objectives
- Resource persons, Go back!
- Arrange government investment in the Government-run 10+2 schools and proposed High Schools³

³ Appeal by East Command of CPN-M affiliated student association All Nepal Nationalist Free Student Union (ANNFSU)

On 10 April 2005, a gathering of 40 representatives of civil society, teachers, trade unions, associations, human rights activists etc “demanded that His Majesty's Government create a congenial teaching-learning environment in schools and at the same time appealed to those who have called the closures to withhold their decision immediately”⁴. The Civil societies’ pressure at various level (districts, region and centre) has notably influenced the Maoists. They came with a statement to defer their demands for uncertain period, and by the first week of May the private schools resumed classes again. On the other hand the government was also pressurised to regulate the mushrooming private school’s fees. Ministry of Education formed a team to study and recommend fee structure of the private school under the leadership of DEO’s Director General. The Department has though able to introduce a regulation of fee structure (lower than existing) before the enrolment session (April-May) it is yet to see its implementation. The MOES instructed District Education Offices to inspect and monitor whether the private schools were running regularly and take actions as per the existing rules against those schools that are found not conducting classes⁵.

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During the period of reporting, Maoist affiliated students union also targeted public schools transferred to communities as part of the EFA and PRSP policy initiatives, demanding that they be handed back to government. This matter has not yet found a solution. A study, commissioned by DFID on Maoist service provision in the Mid and Far Western part of Nepal⁶ summarised and highlighted important aspects of the conditions for the teaching-learning environment here. In principle, the CPN-Maoist opposition to Government education policy has not changed since the launch of the “people’s war” in 1996. A fundamental demand, permeating activities today, is “free scientific health and education services for all”⁷.

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The Maoists are reported to have developed and introduced own textbooks, made by the Maoist Education Department. The study also documents a Maoist curriculum for classes 4 and 5 that basically focuses on traditional Marxist-Leninist teachings, but also provides “Introduction to being a sentry, Introduction to home made guns, Communication in the battlefield, Introduction to explosives and Introduction to war”⁸.

During the period, media frequently reports that in places where Maoists have strong holds many children and teachers are being marched off – sometime for days – to participate in cultural, political and recruitment campaigns.

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Teachers are obviously in the forefront of the conflict, being exposed to, among others, a, forced donations and interference from Maoist representatives. Support to teachers with regard to understanding their own role in the conflict, mechanisms of conflict transformation as well as counselling is pertinent.

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On 17-18 March 2005, the Teacher Union of Nepal constituted itself with an executive committee. The coming together of teacher unions gives promises for the social dialogue

⁴ PABSON press release

⁵ MoES press release 18 April 2005

⁶ The Maoist Service Provision in Parts of Mid and Far West Nepal, Kishore Nepal, Centre for Professional Journalism Studies, April 2004

⁷ Maoist 40 point demand

⁸ The Maoist Service Provision in Parts of Mid and Far West Nepal, Kishore Nepal, Centre for Professional Journalism Studies, April 2004

between representatives of teachers and the MoES. From the latter, ESAT received a request to facilitate such a dialogue.

One of the consequences of the imposition of the parallel education system was and contributed to an increase in the number of internally displaced people (IDP). Among these, quite a number of children, whether accompanied or unaccompanied, appear in the bigger cities of the Terai belt, putting pressure on the enrolment rates of schools.

A high level UN Inter Agency Internal Displacement Division mission took place in Nepal, 11-22 April 2005. The mission report pointed out that

“As for education, many interlocutors pointed out that there are specific and urgent needs related to displacement. **Quality in education has dropped** in areas of displacement where teachers have left. Likewise in the areas where IDPs arrive, classroom over-crowding or restrictions on IDP children’s enrolment are causing serious disruption to education. UNICEF has provided some support to address these problems but additional assistance in this sector is needed”⁹.

The Rajhena camp for internally displaced people in Banke district (low land in Mid West) ~~attracted~~ particular focus in April-May 2005. During a visit to the camp in beginning of June ESAT advised that the DEO and the people in the vicinity should be actively involved in the design and execution of educational activities for children of the camp. Through contact to Terre des Hommes, tasked with the overall effort for the camp, it was ensured that DOCFA, a local NGO who assumed the role of service provider and extension of Terre des Hommes, would suggest to include the DEO and locals in the UN education sub-committee. It was further concurred that educational needs should be catered for through enrolment in and extension of the Sagarmatha Primary School just across the road rather than establishing new facilities at the ~~campsite~~.

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The reporting period ended with ~~an education~~ seminar for all Danish assistance programmes. Representative of ESAT and the Acting Director-General of DoE participated in the ~~3-day~~ conference in Copenhagen, Denmark. The presentation of education in Nepal was delivered by the Director-General, following joint preparations. Discussions focused on new architectures for aid delivery, in particular sector wide approach programme (SWAp) and focus on quality as well as modalities for expenditure tracking and practices of anti-corruption. Interaction with colleagues was very inspiring and a sincere wish was expressed by all 40-45 participants that the effort could be repeated within a foreseeable future.

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Results for capacity change

The Royal coup of 1 February 2005 required that all staff had to adjust to the new political and security scenario. “Wait-and-see” attitudes, a focus on what had to be done meant combined with postponement of SC meeting on planning of activities that comparatively few new activities, financed through direct funding were initiated during the period.

The reporting period was characterised by rather demanding activities with regard to human resources.

⁹ UN Inter-Agency Internal Displacement Division, June 2005

Preparations for the planned rapid response initiative for IDPs fell apart following the Royal coup. Initial analysis of the situation, articulating adequate responses, drafting terms of references for the strengthened Technical Review as well as preparatory activities for the formation of the Review team and the assignment were time consuming and demanding.

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As it has become a regular part of activities, the development of Annual Strategic Implementation Plan (ASIP) and the Annual Work Plan and Budget (AWP&B) are now being financed over the ASIP/AWP&B. Danish direct funding has supported the development of the ASIP and AWP&B for 3 consecutive years, but the ASIP 2005/06 was developed for regular means. However, substantial efforts are still contributed to the drafting of the relevant documents.

The SESP review mission in beginning May endorsed the budget frame, but could not approved the line items as it seemed that a number of items did not comply with the SESP Core Document. Subsequently, the budget was discussed on a number of occasions, including the SESP monthly meeting. At the end of the reporting period, partners have not agreed on budget items.

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The Steering Committee conducted its third meeting on 24 April 2005. Apart from approving a brief, activity focused plan for direct funding, the SC approved changes in the advisor job descriptions. This means that designations of advisor will change and so that they will match future MOES' requirements in a sectorwide approach programme (SWAp) modality.

An element of the shift towards the SWAp modality was the desire, expressed by the MoES Secretary in December 2004 to have a fundamental change of objectives and implementation modalities for SESP in the up-coming Mid-term Review (MTR). This is supposed to take place early 2006. The desire to have fundamental changes was acknowledge by partners. However, the joint understanding was also that such changes could only take place if and when organised and well planned justifications were presented in due time before the actual MTR.

In preparation for the MTR, extensive preparatory meetings were undertaken, resulting in a preliminary consensus among parties with regard to which areas and which kind of documentation, the MTR would be conducted.

The following describes results facilitated – fully or in collaboration with other stakeholders - through Danish direct funding. References are made to activities initiated before the reporting period.

Children's right to education were supported through a joint venture with UNICEF, World Education and DoE, launching an enrolment campaign termed "Welcome to School". This campaign was, partly financed through BPEP II direct funding. Anecdotal evidence and observations on field visits tell that enrolment, particularly for Grade One, is increasing significantly throughout Nepal. Confusion arises during the EFA review mission in April as DOE requests donors for reimbursement of scholarships and textbook dues for the academic year 2003/04. The Danish Embassy responded positively to the request and transferred \$1.7 million in December 2004. Toilets for girls in schools of Rautahat districts are constructed and settlement is in process.

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Adults' right to education were promoted through the continuation of literacy mapping and social mobilisation pilot. The need-based policy and strategy developed was not approved, as the Council for Non-Formal Education Centre is not functional for the time being. The Council

holds the mandate to approve new policies for non-formal education. The indicative plan element of the policy developed is being utilised as part of the village literacy planning and social mobilisation activities.

Support to participation, governance and accountability through an institutional linkage with National Institute of Education, Planning and Administration (NIEPA), India was not finalised due to lack of planning by DoE of the last activity of the linkage. Suggestions made in the financial management consultancy of 2004 are gradually being implemented by DoE. A transfer of the executive officer and subordinate officers has meant some delays to the continuity of implementation.

Further support to governance and transparency was provided through the development of ~~an internet-based~~ database for the education sector judiciary and legal assistance to the development of the 3rd. Education Regulation. The legal database was formally handed over to the MoES during the SC meeting in May 2005. The 3rd Regulation was finalised and approved by HMG/Ns cabinet.

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Transparency was supported through an institutional linkage with International Institute of Educational Planning (IIEP) of UNESCO, Paris. The final activity has not been completed.

The quality education is condensed as the development of an Institutional Capacity Building Plan (ICBP) for NCED. Officers trained at NIEPA, New Delhi have returned and NCED is undertaking many activities to develop the plan. An outline was presented during the missions in April/May. Considerable, but non-economical, efforts are invested into the drafting of terms of reference for assistance to NCED with regard to activities for teachers in the area of conflict transformation. This would constitute an early start to the institutional capacity building plan. A conflict advisor, recruited by the Danish Embassy and serving all assistance programmes provided very pertinent inputs to the terms of reference. The terms have still not been finalised at the time of reporting. An exposure visit to teacher education and training institutions in Asia provides important information and inspiration for the content drafting and implementation of the plan through entering into institutional linkages. Particularly, institutions belonging to the UNESCO South East-Asian Ministry of Education Organisation (SEAMEO) attracted attention as possible partners. NCED will consider requesting the Asian Institute of Technology (AIT), Thailand to be the coordinator of future linkages. During the reporting, an institutional linkage was prepared between Danmarks Lærereforening (Teacher Union of Denmark) and the Teacher Union of Nepal (TUN). Supported by Education International (EI) ~~and~~ Union of Teachers, Norway (UEN), the linkages aims at strengthening the capacity of TUN and facilitates a social dialogue between TUN and MoES. Finally, it should recorded that the Head master training package, developed and piloted positively in Humla and Doti in 2004, has now been scaled up and constitutes the training to Head Master throughout Nepal.

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A responsive education system is reflected in a curriculum that again reflects actual conditions of life. Assistance has been provided to the development of a national curriculum framework. A draft was submitted to the Curriculum Council of CDC. However, the Council is still to decide on the framework. The SLC research programme is being executed as per the plan but is experiencing some delays with regard to finalisation. These delays occurred due to delays in data collection, the formative nature of the research programme and the general political instability of life in Nepal. The deadline for the finalisation has been extended to 1 August 2005.

Outstanding issues comprise a number of activities and report submissions that are not approved and/or have been adopted by the MoES.

A selection of these is:

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The Human Resource Development plan was requested in 1999 and finalised in 2002. It still awaits approval by the MoES. The supplement, prepared for the SESP as part of the Interim Project, funded through Danish direct funding, is also awaiting approval. The content of the plans has not explicitly been reflected in the ASIP and AWP&B. The same goes for the Institutional Analysis, finalised in 2001 and the Situational Analysis of Faculty of Education of 2002. These were part of the same complex of proposed capacity building activities for MoES under BPEP II.

Formative research for secondary education was prepared for the SESP as part of the Interim Project in 2003, funded through Danish direct funding. The research, to be facilitated through an institutional linkage programme, has not yet been initiated.

The joint HIV/AIDS assessment, supported by European Commission, UNICEF and Denmark, was carried out in 2003. The recommendations from the assessment have not yet been reflected in the ASIP and AWP&B.

The Gender Audit, jointly supported by European Commission, UNICEF and Denmark, was carried out in 2001-2002. The recommendations from the audit have not yet explicitly been reflected in the ASIP and AWP&B.

In 2003, DoE requested assistance to improve capacity for “Physical Planning and Monitoring” through an institutional linkage. Comprehensive preparatory activities were undertaken in Nepal and abroad. A report was submitted in 2004, recommending purpose, scope and modalities of the institutional linkage. University of Lund, Sweden has kindly accepted to head a global coalition. However, MoES/DoE has yet to decide to request the formal establishment of the linkage and hence the capacity building.

In 2003, MoES requested the development of a comprehensive “IT Master Plan”, outlining implementation and funding of an administrative IT support systems for *all* agencies of the Ministry. The plan includes development of specialised software for, say administration of the School Leaving Certificate (SLC) examination administration, networking and software for Curriculum Development Centre and alike. Denmark committed to fund the gap between estimated cost and regular Government funding, obtained through the ASIP. However, the MoES is still to approve the plan, its recommendations, reflect these in the AWP&B and request funding of the gap.

In 2003, MoES requested, as part of an ADB inception mission and attended by the Danish Embassy, that direct funding should be utilised to fund a review of “Teacher Management Systems” and “Teacher Support Systems”. Carried out by local consultants, reporting to a Steering Committee, chaired by the MoES, reports were submitted inside the deadlines in 2004. However, the MoES is still to approve the recommendations and reflect these in the AWP&B.

As part of the formal requirements for the implementation of the EFA 04-09, preparation of a Village Community Development Plan (VCDP) was supported in collaboration with the World Bank. The VCDP has been posted on the MoES web-page, but it is not clear to what extent recommendations will be reflected in the AWP&B.

A brief presentation of key financial data

The SESP budget for the six months between January to June 2005 was DKK 3.19 million. The total disbursements during this period amounted to DKK 3.32 million¹⁰ which included expenditures of DKK 2.99 million already booked under the various direct funding activities, advances of DKK 0.31 million towards activities yet to be finalized and exchange differences.

The total disbursement of DKK 3.32 million deducted from the total receipts¹¹ of DKK 3.92 million left us with a closing balance of DKK 604,830 on 30th June 2005.

The total expenditure during this period is 93.89% of the corresponding budget. The disbursement for this reporting period is 5.8% of the total SESP direct funding grant and the total utilization of the SESP grant till 30th June 2005 is 13.61%. Therefore, out of the total SESP grant of DKK 57 million 86.39% is still unspent.

The BPEP budget for the six months between January and June 2005 was DKK 0.14 million. The total disbursements during this period amounted to DKK 0.26 million which included expenditures of DKK 0.14 million exchange differences.

The total disbursement of DKK 257,680 deducted from the total receipts of DKK 890,150 left a closing balance of DKK 632,480 on 30th June, 2005.

The total expenditure during this period exceeded the budget by 5.32%. The disbursement for this period is 0.25% of the total BPEP II direct funding grant (2003 – 2009) and the cumulative disbursement from June 1998 till June 2005 is 97.87% of total BPEP II direct funding grant. Therefore, out of the total BPEP II grant of DKK 105 million 2.13% is still unspent.

No expenses for EFA during this reporting period. EFA started from July 2005 only.

This financial reporting corroborates with the six monthly reports on FORB2 for each month from January to June 2005.

Details of expenditure under direct funding activities is attached here as the quarterly financial report Annex 11 C.

Issues and proposed solutions

The SC agreed on a threshold for direct funded activity of Nrs. 2 million in the May 05 meeting. This will restore some of the flexibility that Danish direct funded had come to be known and appreciated for.

The experience of SC already now shows that it is prone to combustion if meetings are postponed or agenda items are plentiful. The May meeting postponed some 10 items to the upcoming September meeting. It can already now be foreseen that the coming meeting will have an extraordinarily crowded agenda which will consume a substantial amount of time to prepare, read, decide upon and follow-up to.

¹⁰ ESAT follows a cash system of accounting. Hence, for reporting purposes the activity expenditures reflected in the financial statements (Annex 11 C) do not include advances, dues and differences due to changes in exchange rates.

¹¹ Total receipts = bank balance brought forward from the previous period, transfers from the Danish Embassy, interest on bank balance, refunds from advance settlements

The SC is closely related to and sensitive towards external developments. Decisions on plans, submitted earlier are still outstanding. As support for capacity building is an integral part of Danish assistance, it is recommended that the SC debate the issue, finding some viable forms of increasing the efficiency of decision-making on activities that are supported through direct funding.

Proposed solutions for issues concerning specific activities are recorded in the tables below.

Part II

Education in Nepal – Danish Direct Funding

Programme name: Support to School Education in Nepal

Semi-annual Progress & Financial Report: No. 2

Reporting Period: January to June 2005

National partner(s): Ministry of Education and Sports	Contact details:
Programme manager: Director General Chuman Singh Basnyat	Department of Education,
Components:	
Education for All 2004-09	Department of Education, Director General Chumann Singh Basnyat (to February 05) Acting Director general Janardin Nepal (from February 05)
Secondary Education Support Programme 2003-09	Department of Education, Director General Chumann Singh Basnyat (to February 05) Acting Director general Janardin Nepal (from February 05)
Basic and Primary Education Programme II 1998-2004	Department of Education, Director General Chumann Singh Basnyat (to February 05) Acting Director general Janardin Nepal (from February 05)
Starting Dates: EFA 2004-09 15 July 2004 SESP 2003-09 14. March 2003 BPEP 1998-2004 29. May 1998	Last report: Semi-annual report no. 1 July – December 2004
Expected completion dates: EFA 2004-09 15. July 2009 SESP 2003-09 14. March 2009 BPEP 1998-2004 15. July 2004	

Status of implementation of Danish direct funding activities

Component	Status	Reason for delays	Proposed action
EFA 2004-09	No activities have been launched		
SESP 2003-09	Activities are being implemented	In general, only very few delays due to imperfect planning and implementation modalities	See below
BPEP II 1998-2004	Few activities are due for settlement so final audit can be conducted and BPEP II closed	MoES has not submitted a signed transfer of property for furniture and equipment delivered	See below

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Any major deviations and issues related to the implementation of Danish direct funding activities for components

Components	Issues	Recommendations to Steering Committee
EFA 2004-09	Despite plans and earlier preparations, activities have not been initiated this far	The SC is recommended to debate why needed and pre-planned activities are not being approved or receiving final approval or cancelled.
BPEP II 1998-2004		
Output 1:	The final activity of the NIEPA institutional linkage on district planning has not yet been planned	It is recommended that the final seminar should either be planned or cancelled and NIEPA informed accordingly
	The final activity of the IIEP institutional linkage for EMIS and school mapping has not yet been planned	DoE is recommended that final activities (description of lessons learned) should be carried out without further delay.
	As the Council for NFEC is not functional, the developed policy and strategy cannot be approved and implementation.	MoES is recommended to enter into a dialogue with NFEC on how to manage the issue.
Output 2:	Delays, beyond what can be academically argued, are experienced with regard to finalisation of academic programmes.	Issue have been raised with Kathmandu University and MoES. However, more could be done from the parties to ensure finalisation of studies.
Output 4:	Acknowledgement of transfer of property for furniture and audiovisual equipment for MoES is pending	A decision on terms and conditions for procurement and subsequent transfers of property should be taken.

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Outstanding issues and follow-up

Issue	Solution/follow up, incl. timing	Responsible agency	Status
Approval of policy and strategy for non-formal education	The issue is recommended to be the subject of deliberations between MoES and NFEC	MoES	

Annex A.

About Danish direct funding

Direct funded activities are targeted at institutional capacity building and development, mainly in form of logistic and/or technical assistance through institutional linkage arrangements and short-term specialist consultancies for specific purposes. Activities eligible for direct funding can originate from all stakeholders in the education sector.

During the negotiations for development assistance to the education sector between Nepal and Denmark, the provision of direct funding has been agreed as a mechanism for quick and flexible access to funds with a view to facilitating institutional capacity development. The intention is to enable the MoES/DoE and its constituents to carry out innovative and developmental activities, obtaining national, regional and global assistance, linkage and networking services, undertaking surveys, studies and other activities of a similar nature.

Danish direct funding amounts to DKK 40 million for EFA and DKK 53 million for SESP¹².

Danish direct funding is utilized according to the principles of sector-wide approach in education. Technical assistance (TA)/direct funding is synchronized with pooled as well as non-pooled programmes to fulfil unforeseeable technical gaps, and will be related to the Annual Strategic Implementation Plan (ASIP) and the Annual Working Plan and Budget (AWPB).

TA and direct funding for programme support through both long and short-term provisions for the implementation of education development activities will be coordinated with all development partners under the leadership of the MOES to link directly to national programmes and activities in the education sector. The use of TA and direct funding in education will be guided by His Majesty's Government of Nepal (HMG/N's) Foreign Aid Policy 2002 and the Code of Conduct for Partnership in Education 2004.

Planning for direct funding assistance is a joint and collaborative process with participation of Education Sector Advisory Team (ESAT) and all relevant stakeholders. The Steering Committee, chaired by the Secretary of MoES approves the activities for Danish direct funding.

Activities carried out through direct funding are monitored by the implementing agencies in collaboration with stakeholders. The focus of monitoring is on results (progress, outputs, outcome and impact), the process leading to the results, and assumptions underlying plans and activities.

Education Sector Advisory Team (ESAT)¹³ – has a focus on institutional capacity building in general and rolls this out through:

- facilitation of identification of needs and coordination of inputs of external expertise for institutional capacity building (primarily within the framework of institutional linkages),
- assistance in designing coherent multidisciplinary approaches to human resource development activities in sectoral institutions at all levels,

¹² The aggregate equals \$14.5 million.

¹³ The designation was changed from Programme Advisory Team (PAT) when Danida support for secondary education was initiated in 2003.

- promotion and facilitation of production of local knowledge through research and other forms of knowledge production,
- contribution to effective coordination of technical programs and initiatives between HMG and other donors within the educational sector as such.

Deleted: ta

The advisors and programme officers of ESAT advise with a view to develop a conducive environment for design and implementation of HMG/N education reforms.

The rationale for provision of the advisers is that they relate to the school education sector in its totality (and not specifically to Danish support). The advisors and programme officers are strategically located within the counterpart institutions, which made advisors' expertise and skills accessible to the system, in close collaboration, sharing of knowledge, and learning between the advisors and officers in the MoES. The job descriptions for advisors are developed in close collaboration between the MoES, the counterpart institution and ESAT.

To make the best possible use of human resources and expedite requests for funding without delay, an annual activity plan and budget for the use of direct funding is approved by the Steering Committee.

The ESAT activity plan and budget is revisited thrice a year in order to keep it abreast to the changed needs.

The plan consists of general principles for ESAT assistance and a list of activities to be funded through direct funding. After compilation, the list of activities is presented to the heads of CLA's and, in particular, to the Director General of DoE as the manager of EFA and SESP. Then the plan is forwarded to the MoES for approval by the Secretary and/or the Minister of the MoES.¹⁴ Once the plan is approved, it is put into practice with provisions for updating as per the changed requirements.

ESAT together with the MoES/DoE and CLA staff identify needs and activities that will facilitate implementation of the ASIP and secure planned targets. Based on the identified needs and jointly with the DoE/CLA, ESAT compiles the plan of action and sends it for concurrence to the Ministry and the Danish Embassy. ESAT has developed working procedures, guidelines and norms in consultation with MoES to specify procedural and operational details.

The question of TA coordination has been taken up several times, but not yet resolved. MOES has announced that it is working on a plan, which will be consulted with donors. So far, coordination has mainly been done by pooling donors trying to keep each other informed about TA (exchange of TOR, information in meeting etc.).

Direct funding is reflected in the HMGH/N's Red Book system, and monitored through Government's regular review framework. Regular reporting of direct funded activities is the responsibility of counterpart institutions(s).

Direct funding is audited semi-annually and annually by an auditor appointed by the Danish.

¹⁴ The Steering Committee is formed according to the Danida Aide Management Guideline, 2003

Achievements to objectives of components January – June 2005

Components	Annual output indicators	Targets	Results	Budget – 000 DKK	Expenditure – 000 DKK
SESP 2003-09					
Output 1: Institutional capacity building and development	Identify needs, prepare and coordinate inputs of external expertise	To improve quality and responsiveness of teacher training	Final settlement of the activity reported in Semi-annual report # 1	41	26
		To develop institutional capacity building plan for NCED	Continued training of 25 officers at NIEPA in New Delhi and domestic workshops/consultations	405	394
		To assist CDC to develop a national curriculum framework	Finalisation and submission of the Framework, including background analyses	93	90
		To develop 3 rd Education regulation in preparation of implementation of PRSP	Domestic workshops/consultations	116	113
Output 2: Individual capacity building and development	Assist design of multidisciplinary approaches to human resource development activities	To strengthen general academic and research capacity	Stipends for 3 students enrolled in MA/M.Phil/Ph.D programmes at Kathmandu University	17	12
Output 3:					

Creation of knowledge assets for educational planning	Facilitate research and other forms of knowledge production	To prepare documentation for reform of examination system	Data collection and processing for comprehensive research programme, including 18,000 interviews and 1,000 students traced as well as domestic workshops and consultations	1.942	1.871
Output 4: Collaboration with other stakeholders to implement activities	Contribute to coordination and implementation of programs and initiatives	To prepare implementation of PID strategy	Continuation of engineering surveys in 4 PIDs	21	20
		To maintain a functional publishing cell	Funding of operational cost	10	9

Achievements to objectives of components January – June 2005

Components	Annual output indicators	Targets	Results	Budget – 000 DKK	Expenditure – 000 DKK
BPEP II 1998-2004					
Output 4: Collaboration with other stakeholders to implement activities	Contribute to coordination and implementation of technical programs and initiatives	To meet operational requirements of DoE and MoES to facilitate meetings and management	Documentation Hall and executive office of MoES rehabilitated and furnished. Executive offices and meeting halls of DoE furnished	136	148

ANNEX 11C Quarterly financial report to the Representation(Programme name)

Programme period: Jan- June 2005
 National implementing agency: ESAT
 Financial Year: 2005
 Status as at: 30-Jun-05

Representation File no.:

S.N.	Components/Outputs	Original budget in DKK thousand	Total disbursements per end of report in NPR (Jan-March 05) [b]	Total budget this quarter (Jan-March 05) [c]	Balance on current year's budget [c - b = d]	Total disbursements per end of report (April-June 05) [e]	Total budget this quarter (April-June 05) (f)	Balance on current year's budget [f - e] = [g]	Total balance on current year's budget [d + g] = [h]	Total Expenses for January to June 2005 DKK [e + b] = [I]	Total budget for the period [c + f] = [j]
B:	SESP										
100104	Preparation of implementation of PID strategy		0.00	0.00	0.00	20.34	20.66	0.32	0.32	20.34	20.66
200400	Lay basis for reform of examination system		891.96	950.41	58.45	978.63	991.74	13.11	71.56	1,870.59	1,942.15
200300	Assistance to CDC to develop a national curriculum framework		13.73	14.05	0.32	76.12	78.51	2.39	2.71	89.85	92.56
200500	Maintaining a functional publishing cell		6.64	6.69	0.06	2.78	3.31	0.52	0.58	9.42	10.00
300500	Development of institutional capacity building plan for NCED		350.59	355.37	4.79	43.34	49.59	6.25	11.03	393.93	404.96
300300	Improve quality and responsiveness of teacher training		25.57	41.32	15.75	0.00	0.00	0.00	15.75	25.57	41.32
400800	Strengthen general academic and research capacity		12.15	16.53	4.38	0.00	0.00	0.00	4.38	12.15	16.53
400401	Development of 3rd education regulation		6.68	8.26	1.59	106.56	107.44	0.87	2.46	113.24	115.70
400700	Strengthen technical capacity		0.00	0.00	0.00	4.45	4.96	0.51	0.51	4.45	4.96
500001	ESAT Admin/Operation		236.26	289.26	52.99	215.66	247.93	32.28	85.27	451.92	537.19
	Total		1,543.57	1,681.90	138.33	1,447.89	1,504.13	56.25	194.57	2,991.46	3,186.03

