

Danish Ministry of Foreign Affairs

DANIDA

Appraisal Report
Danish Support to Education for All
Nepal

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Danida
Ministry of Foreign Affairs
Asiatisk Plads 2
DK-1448 Copenhagen K
Denmark

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INTRODUCTION

1. The appraisal mission took place between 26 November and 5 December 2003. It was preceded, first, by a review of Secondary Education Support Programme (SESP), supported jointly with his Majesty's Government of Nepal (HMGN) by Asian Development Bank (ADB) and Denmark, then, by a regularly scheduled joint review of donor support to the second phase of Basic and Primary Education Programme (BPEP II), which will end in July 2004.
2. The two reviews were logically connected with the appraisal of the proposal from HMGN for donor support to education in a future phase in the sense that BPEP II forms the basis for continued educational development at basic and primary levels, and that Denmark sees the support to secondary education as an extension of its existing education sector programme support.
3. The appraisal was defined as a joint undertaking. However, not all of the participating donors were at a stage in their own preparatory processes at which they could finalise the appraisal. This situation is reflected in the joint Aide Memoire of the mission. The present Appraisal Report has therefore been prepared to specify the main results of the Danish appraisal, which was finalised during the course of the mission. The report should be read in conjunction with the joint Aide Memoire to get a more complete picture of the appraisal proceedings and results, and the interrelatedness of recommended future Danish support with that of other development partners and the Government.
4. The Danish team comprised Mr Knud Mortensen, Senior Technical Adviser in Education, Danida, (team leader, and responsible for the report), and Dr Min Bahadur Bista, Educationist, external consultant to Danida. The Danish Embassy in Kathmandu was represented during the full duration of the mission by Ms Else Møller Nielsen, Counsellor, and Mr K.C. Kishore, Senior Programme Officer. The kind support of all officials, representatives and individuals, and the provision of valuable information, is gratefully acknowledged. Please note that all proposals in the report are subject to approval of the authorities involved.
5. The joint appraisal involved extensive meetings with the key national partner, Ministry of Education and Sports (MOES) and its Department of Education (DOE). Consultations were held with National Planning Commission (NPC), Ministry of Finance (MOF) and the Financial Comptroller General's Office (FCGO). Some members of the joint mission team had additional meetings with I/NGOs. Others undertook a short field visit to a District. Meetings between the donor partners were held regularly throughout the mission. A meeting to brief MOES was held on 4 December, chaired by the Minister of Education. Debriefing took place on 5 December at MOF, chaired by the Secretary.

PREPARATION PROCESS AND NATIONAL CONTEXT

6. *Education for All: National Plan of Action, Nepal 2001 – 2015*, is the national plan for reform of the basic and primary education sub-sector. It is based fully on The Dakar Framework for Action, Education for All: Meeting Our Collective Commitments, which was adopted by the World Education Forum, in Dakar, Senegal, in April 2000. The Dakar Framework reaffirms the fundamental goals for basic and primary education, first formulated in the World Declaration on Education for All, adopted in Jomtien, Thailand, 1990.

7. In line with the requirement in the Dakar Framework, HMGN has analysed its existing policies for basic and primary education and has reformulated them in the EFA National Plan of Action, 2001 – 2015, to address the internationally endorsed six EFA goals. As provision of primary education of a good quality accessible to all are integral elements of the Dakar Framework, the Millennium Development Goals on education for all children by 2015, and the emphasis on girls' access to education and the target to achieve gender parity, are also clearly reflected in Nepal's EFA National Plan of Action.

8. HMGN has designated basic and primary education as Priority One in the national development plans, which implies that it will be safeguarded against budget cuts (the same status has been granted to secondary education). This priority status is part of the 10th Plan (2002-07), defined as an important means to help address the principal issue of poverty alleviation.

9. The development of the EFA National Plan of Action has been a long and very thorough process, involving all national stakeholders. A *Concept Paper*, prepared by MOES for presentation to the donor partners, was discussed and accepted in the joint review in March 2003 of BPEP II. It was decided in that mission that the Concept Paper would form the basis for preparation of a *Core Document* to transform it into a working and adaptable document that would meet the partners' requirement for a common framework to guide their joint support to implementation of the EFA Plan during a First Phase, July 2004 – July 2009. The draft of the Core Document was analysed and commented on by the donors in a mission in June 2003.

10. Following the June mission, the Core Document was revised and submitted to the appraisal mission in November-December for assessment and decision with respect to its intended function as a common framework for coordinated support to development of national basic and primary education.

11. BPEP has been ongoing, with increasing donor support, over two phases since 1993. It will come to a close in July 2004. BPEP, which was also designed to support reform of national basic and primary education, has developed in a gradual manner to reach national coverage in most aspects (e.g. curriculum implementation, textbook distribution, and teacher education). This development has in the most recent years coincided with adoption of a Local Self-Governance Act, and a new Education Act

(7th Amendment). Both of these Acts have decisively important implications for the direction that the reform process of basic and primary education will take.

12. It is important to note that implementation of the EFA National Plan is a continuous process, which is built firmly upon the experiences of the preceding BPEP. The closing of BPEP II in July 2004 is therefore related mainly to termination of (most) donor agreements with HMGN rather than to a new education programme.

APPRAISAL PROCESS

13. BPEP II has support from eight donors. WB/IDA, EC, Norway, Finland and Denmark provide funding within a basket arrangement. UNICEF, JICA and ADB support BPEP in a parallel but coordinated manner in line with their respective procedural requirements. All of these development partners participated in the November-December 2003 appraisal mission. MOES had also invited several other agency representatives to follow the mission proceedings. DFID participated fully in the mission, and UNESCO in the joint meetings (please refer to the joint Aide Memoire for further information). The expectation is that most, or all, of the existing donors will continue to support educational development in Nepal during the period July 2004 – July 2009, guided by the Core Document for that period.

14. The joint Aide Memoire defines the mission as Phase I in the appraisal process. In principle, this mission met the formal appraisal requirements of Denmark, Norway and Finland. Phase II would then take place in March 2004 to complete the appraisal process for WB and DFID. It was noted that Denmark, Norway and Finland would also require most of the preparatory activities and studies (as specified in the Aide Memoire), especially where these relate to budgetary support modalities. The Danish appraisal was thus concluded on the basis of the Core Document and its underlying documentation, and the achievements of the preceding BPEP, but on the note that further preparations would be required before a final decision could be made with regard to the amount and modality of funding as well as other provisions for support to implementation of the EFA Plan.

15. A further aim of the above preparatory steps is to ensure that the size of the national budget for education for the five-year period of the EFA Plan covered by the Core Document, including both Government and donor inputs, can be established by March 2004. This would also ensure that the budget for the first fiscal year of EFA implementation, July 2004 – July 2005, could be decided for inclusion in the Annual Strategic Implementation Plan (ASIP) and Annual Work Plan and Budget (AWPB) for that year.

16. As noted above, the preparation of complementary documentation, as required by WB, is equally relevant for Danida (as well as other donors), but was not seen as a condition for concluding the Danish appraisal. The documentation includes the ongoing Indigenous People's Development Plan and the Social Assessment (both studies jointly financed by WB and Danida). Further assessment of Nepal's financial

system will also be documented, as well as finalisation of procedures for the channelling of donor funding into the national budget, and for major procurements requiring international competitive bidding. It was decided that a technical mission would be undertaken in January 2004 to detail and concretise all financial issues and requirements, as well as to define a set of core monitoring and output indicators.

OVERALL CONCLUSIONS OF THE DANIDA APPRAISAL

17. The general conclusion of the joint mission, and hence of Danida's appraisal, is that *the Core Document meets the requirement for a guiding document* for specification of key policies and strategies for EFA planning and implementation during the period July 2004 – July 2009.

18. It is the understanding among all partners that the term 'programme' will be used for ease of language and that it is interchangeable with the EFA National Plan of Action and, more specifically, the Core Document.

19. It is expected that those donors who are able to do so would pool their funding for inclusion in the national budget. This is estimated by Government at USD 814.5 million as a 'high budget scenario' required for EFA implementation during the period July 2004 – July 2009. This estimate includes both regular (recurrent) and development (capital or investment) budgetary allocations. The budget for EFA implementation would be subject to a thorough assessment in a mid-term review to agree on adjustments as deemed necessary.

20. Danida's Sector Support Programme Document will consist of *a set of three documents*: (i) the EFA National Plan of Action (2001 - 2015), (ii) the Core Document (2004 - 2009), and (iii) a Summary Document that specifies Danida inputs and requirements. Other donors will adopt a similar set of programme documentation. The necessary supporting documentation will be finalised before March 2004.

21. There is an understanding with the Government that Danida will continue to provide four long-term advisers to MOES to support development and implementation of the EFA Plan. It is a further understanding between the two parties that the need for the advisers, and their respective functional areas, will be subject to periodic assessment with the view to adjusting this provision as required. The advisers are referred to as ESAT (short for Education Sector Advisory Team) which is defined as an integral function of MOES and its Department of Education (DOE). It is recommended that Danida continue to provide funding for this facility, as well as for the necessary nationally appointed specialists and support staff. As in BPEP, the advisers will relate to programme implementation as a whole. They will also provide advice for implementation of the Secondary Education Support Programme (SESP) jointly funded with HMGN by ADB and Denmark.

22. *Funding for technical assistance* (other than the provision for long-term advisers) would be regarded as an important input, particularly with respect to establishment and

continuation of institutional linkages to provide intensive support for institutional capacity development in key areas (teacher education and development, textbook development, inclusive education, special needs education, educational research, and possibly others).

23. It is recommended that the modality for Danish funding be defined as a further development of that established for support to BPEP II, which includes both basket and direct funding. If accepted, Danish input to pooled funding would be expanded to the modality of sector budget support based upon Danida's Guidance Note on the Provision of Budget Support (1st Edition October 2003). The appraisal confirmed that there is a high degree of compatibility between WB and Danish guidelines in this respect. Other donors, able to enter into a pooled funding arrangement, would be expected to have similar procedural guidelines and requirements. Danish funding provisions are further addressed in paragraphs 26 - 31 below.

THE DANIDA SUMMARY DOCUMENT

24. The *Danida Summary Document* will be prepared after the appraisal mission and prior to the mission in March 2004. In that mission, also other donor specific documentation would be expected to be available, either finalised or in draft.

25. The paragraphs that follow address key aspects which are particularly relevant to future Danish support to education in Nepal, and hence also to the content of the Danida Summary Document. Some of the recommendations and issues addressed overlap with the text of the joint Aide Memoire. Others are specific to Danida, but justified as essential provisions in support of implementation of the EFA National Plan of Action. It should also be noted that Danish support, together with support from ADB, relate to secondary education as well (SESP).

Funding

26. The Danish Embassy has proposed that Danish funding should initially be divided on the basis of 80% for pooled funding, and 20% for direct funding. The Danish appraisal supports this proposal. The percentage division should be subject to assessment and adjustment on an annual basis at the time of the regular reviews (in March) when the ASIP is finalised to establish the main budgeted activities for the coming Nepalese fiscal year (July/July).

27. Pooled funding would enter the national budget together with other donor funding, and be merged with Government funding. The modalities, which would be expected to be common to all donors providing pooled funding, were discussed on several occasions during the appraisal, but in particular in two presentations of WB procedures and a model for budgetary support respectively. There was agreement, in principle, that these procedures would form the basis for further development to reach agreement between the donors expected to provide pooled (or sector budget) funding.

28. In essence the model for pooled funding involves that donors enter their funding into a common account in the National Bank. This implies that individual donors would no longer be able to trace their funding to particular activities. Ministry of Finance (MOF) would have the mandate to withdraw funding from that account for inclusion in the national budget for EFA implementation. MOF (Central Treasury and FCGO) would then channel the pooled Government and donor funding to the designated authorities at central and decentralised levels of operation. The main prerequisites for and elements of the pooled funding provision are briefly specified in Annex 1.

29. At the time of the appraisal the findings of various studies of the governmental financial system at both central and decentralised levels indicate that structures are in place and of a high standard. The managerial and administrative capacity to handle funds are, however, still not sufficient to ensure the necessary effectiveness and efficiency in the management of funds at all levels of the system. It is recommended that Denmark, possibly together with other donors, provide technical assistance to help develop the necessary institutional and technical capacities, in parallel with the provision of pooled funding, to ensure that the national system can function as intended.

30. The appraisal mission was informed that the first steps had been taken by Government to change the structure of the national budget by rearranging the allocations more logically between the two main sections of the national budget, possibly for fiscal year 2004-05. This would be expected to ensure the necessary degree of flexibility in annual budget allocations to enable Government to meet changing demands during the course of EFA implementation. The process of annual reviews, connected with the preparation and approval of the ASIP/AWPB, as well as assessment of progress by output indicators, would be particularly suitable for applying this adaptable budgetary approach.

31. The Danida Summary Document should provide a justification for continuing the direct funding modality. This would include funding for technical assistance in the form of institutional linkages and short-term specialist consultancies, and the possibility of DOE to undertake pilot projects before new and innovative approaches are disseminated on a wider scale. The set of criteria applied in BPEP II for access to direct funding should be retained and adjusted as necessary. The same would apply to the system of forward planning for utilisation of direct funding. ESAT should continue to have clearly specified budgetary responsibilities in this respect.

Technical assistance

32. As has been the case in Danish support to BPEP, as well as in the support to SESP (which was initiated in August 2003), technical assistance, funded by Danida, should be of three kinds: (i) long-term advisory support, (ii) institutional linkage arrangements, and (iii) short-term specialist consultancies for specific purposes.

33. As noted in paragraph 21 the understanding between Danida and MOES is that the provision for *four long-term advisers* will continue into the EFA plan period. These posts will continue to be funded over and above the general funding frame for Danish support to the EFA Plan. The post of adviser in physical planning is currently being broadened to also address other planning activities (e.g. with respect to EMIS and textbook production and distribution). A process of periodic assessment of the need for adjusting and retaining these advisory posts would need to be developed and agreed between the Danish Embassy and MOES.

34. The Core Document identifies *institutional linkage arrangements* as the priority strategy for institutional and technical capacity development within Nepal's education system. Since the start of BPEP II, this approach has also been a priority in the Danish support provision, funded through the direct funding modality. It is recommended that institutional linkage arrangements continue to be a key priority in Danish support, and be seen as a justification for retaining the modality of direct funding. The Danida Summary Document should clearly define and specify this approach with regard to involvement of, and partnerships between, institutions at national, regional and international levels respectively. It should be explained that the approach relates (a) to the administrative and managerial education system at central and decentralised levels, and (b) to the technical institutions relating to and supporting basic, primary and secondary education (among these are Faculty of Education at Tribhuvan University, and National Centre for Educational Development and its decentralised institutional extensions).

35. It should also be explained that institutional linkages are a cost-effective capacity development mechanism based upon direct collaboration between institutions of a similar kind. This approach to capacity development is, moreover, considered of particular relevance for addressing institutional and technical sustainability requirements. A proportion of the Danish direct funding provision would need to be allocated for these purposes. (Further information about the institutional linkage approach is provided in Annex 2).

Relation of Danish support to specific priority areas

36. The appraisal confirmed that the four areas indicated below are reflecting priorities in the Core Document.

37. *Inclusive education*: This is referred to in the Core Document as the key educational strategy to address the diversity among children in Nepal, and the circumstances in which they live. The definition of inclusive education as adopted and approved by the Special Needs Education Section, MOES, is attached as Annex 3. Further detailing of the definition of inclusive education would be very useful, specifying this approach as the overarching policy and strategy to meeting the educational needs of *all* children, but with particular attention to children in difficult circumstances. The definition of *special needs education*, which is aimed at children with disabilities and barriers to learning, should also be further developed as an integral provision within this overall

approach. The existing system of special needs education would need to be carefully analysed and adjusted where necessary before a decision is made to expand it further. It is recommended that institutional linkage support, as currently provided in BPEP II for piloting of locally anchored approaches, be continued.

38. *Teacher education and development:* This is identified in the EFA National Plan of Action and the Core Document as an essential requirement for ensuring quality development in education. There is a fully recognised need for systematic planning for development in this regard among all partners to education in Nepal. The Danish support for establishment and maintaining of institutional linkages would be of particular relevance for supporting teacher education and development on a continuous basis, including preparation of policies and strategies, both with respect to primary and secondary education (for the latter, reference is made to the documentation relating to SESP, supported jointly by ADB and Danida). The Danish appraisal team recommends that these issues be concretely addressed in the Danish Summary Document and connected with the provision for institutional linkage support.

39. *Textbook development:* Danida has supported textbook development and distribution in various ways through the direct funding facility during the course of BPEP II. It is recommended that this be continued into the EFA plan period, including technical support for capacity building in the Publishing Cell (which, through the merging of the two existing publishing facilities, will be expanded to relate both to primary and secondary education, and nonformal education).

40. *Educational planning:* With the continuation of decentralisation of the education system, there is going to be increasing demands for planning capacities. Development of the Educational Management and Information System (EMIS) should be further supported, relating to both central and decentralised application. It is recommended that direct funding continue to be made available for this purpose.

Sustainability

41. The Core Document makes a useful distinction between institutional and financial sustainability, and associates these aspects of sustainability with the built-in risks that they imply. The sustainability section in the Core Document also relates sustainability to the anchoring of the education system in local communities and its capacity and capability to target and reach poor and disadvantaged groups. The risks are, in particular, related to the country's weak fiscal base and unstable political and security situation.

42. Development of institutional capacity is a particularly important prerequisite for achievement of sustainability. The recommended support to capacity building through institutional linkage arrangements should be seen in this context (and hence as a strong mitigating factor in addressing the risks associated with the existing weaknesses

within the education system and its limited capacities to deliver quality basic and primary education).

43. Financial sustainability issues were discussed in several contexts during the appraisal mission (including meetings with MOES, Ministry of Finance, and National Planning Commission, as well as between the donors that are planning to provide pooled budgetary support). The point was made that the high budget scenario of USD 814.5 million for the plan period 2004 – 2009 was unlikely to be secured unless donor funding could be significantly increased. It was agreed that the availability of funding would be monitored on a continuous basis and addressed annually in the context of the preparation and approval of the ASIP. The need for programme adjustments would be assessed against agreed objectives and indicators.

44. For further analyses in regard to sustainability, assumptions and risks, please refer to the Core Document and the joint Aide Memoire on the appraisal mission.

Annex 1: Expected main mechanisms of budgetary sector support for EFA

It is a first prerequisite that all donors have a common understanding of what constitutes 'the programme' (i.e. the EFA National Plan of Action, as specified for the period 2004-09 in the Core Document).

The Government's fiduciary system would be used to account for all pooled donor funding, subject to a satisfactory assessment of it.

The EFA programme budget for the five-year period of implementation, estimated at the equivalent of USD 814.5 million and incorporating both Government and donor inputs, would be regarded as the total financing requirement.

It is noted that the above budgetary estimate includes all proposed funding inputs from Government and from donors, irrespective of whether donor funding takes place in a pooled or parallel modality. At the beginning of the five-year EFA plan period, education would have a 15% share of the total national budget with approximately 55% allocated to basic and primary education. An effort would be made to increase these allocations to approximately 17.5% and 60% respectively over the duration of the plan period (other funding scenarios may also be considered).

Pooled funding would thus be merged with Government funding and would no longer be identifiable in specific lines in the development budget. This modality would therefore require agreement to a set of clearly specified indicators to enable all partners to measure the outputs and impact in basic and primary education of the utilisation of the expanded Government funding capacity.

A one-account approach would be adopted. This would require that a single account be opened in the National Bank, common to all pooled funding donors and defined as a 'pass-through' mechanism in the sense that foreign currency would be entered into it, but withdrawn in Nepalese Rupees.

MOF would have the mandate to withdraw funds entered by the donors into the common account for inclusion in the national budget for education. The mechanisms of this process would be worked out between the local donor representatives and the relevant governmental bodies before the March mission in 2004.

Government's procurement system would be used (depending on further assessment of the existing system, and the extent to which it would meet requirements applied in donors' international competitive bidding procedures).

Annex 2: Institutional linkages

Capacity development is one of the central challenges of educational development in Nepal, as much of the progress in education and in other sectors depends on it. The Institutional Analysis (IA) conducted by the Ministry of Education and Sports (MOES) in 2000, while highlighting a number of good and improved practices, shed light on a range of organizational, structural and cultural impediments that placed serious constraints on the MOES as an institution to drive education reform in the country. The Study demonstrated the MOES system lacking in institutional capacity required to manage and lead the education system. The study recommended a comprehensive strategy for capacity development involving capacity enhancement of individuals, institutions and the system as a whole.

Within the MOES, past efforts towards capacity development have mainly focused on individual development through training, study tours and academic and professional courses. These efforts did not result in institutional development because knowledge and skills provided through formal training courses were often disconnected from organizational context. In view of this, it is increasingly being recognized that capacity development should go beyond the transfer of technical skills and competencies necessary for each staff member to perform adequately, and must be connected to institutional development. Individuals perform within an institutional context, and hence any effort to develop individual performance must also focus on improving the institution. Mere training of staff at various levels is simply insufficient because there is no immediate relationship between training and change of institutional practices.

For capacity development to succeed and be effective multiple interventions and continuous and flexible support strategies are required. Capacity development demands not only well functioning institutions, but also linkages among the institutions working in the same sector or field. In this context, institutional linkage (IL) is one of the promising strategies for capacity development. IL refers to communication, sharing and exchange of information, knowledge, experiences, technology and best practices etc. between and/or among the institutions. It involves creating linkages between two or more institutions for the purpose of joint learning. Through IL, long-term, continuous collaborations can be established between institutions and/or teams of professionals. IL allows the institutions and their professionals to be engaged in the processes of identifying strengths and weaknesses within their own institutional or sectoral settings and in designing and implementing strategies and activities to improve whatever is necessary. Such linkages can occur at the national, regional and global level. New institutional forms of national, regional and global support to capacity development are becoming possible in the network age. Links and relationships at the regional and international level are becoming increasingly important in a globalizing world.

Unlike traditional forms of technical cooperation that focus on knowledge transfer, IL has its focus on knowledge acquisition, individual and organizational learning and

improvement in practice. IL is based on the belief that knowledge is something that learners have to acquire for themselves and learning will be meaningful when it is connected to day-to-day work. IL engages members of an organization in on-the-job learning collectively. It is a cost-effective and sustainable method of capacity development. The relationship between the institutions and professionals involved is one of partnership and collegiality. It offers conditions for mutual learning and sharing of information. Linkage arrangement provides relatively easy access to the entire resource base of the institutions involved.

IL gives greater priority to institutional twinning at the national level. Where possible, networks of national institutions are established to promote greater sharing of national expertise, experiences and best practices. In cases where required expertise is not available within the nation, regional or international institutions are identified and used. Excellence and demonstrated evidence of expertise in the field is the criterion for identification of the institution.

Studies have shown that technical assistance provided in the form of ad-hoc, donor-driven and short-term consultancies often ignore the basic complexity of institutional development. On-and-off provisions of individual consultancies often present/transfer Western knowledge disconnected from local context. Knowledge and practice are contextually constituted. IL approach offers professionals an opportunity to engage in joint processes of developing new and context-based knowledge and practices. Reflecting these observations, a UN report on Technical Cooperation recommends that long-term institutional twinning or linkage arrangements should replace the traditional forms of ad-hoc and on-and-off provisions of technical assistance.

IL involves a number of processes. It normally begins with the identification of institutions. Once the institutions have expressed their interest to engage in long-term partnership and collaboration, professionals engage in joint identification of issues and problems as well as the solutions and interventions. Through professional dialogues, action research and observation, problems and required interventions are explored. One key feature of IL is that it involves the real stakeholders. Those who are to carry out the reform process in the MOES work with the professionals of the institutions that are linked to the MOES. Technical cooperation can take many forms – workshops, seminars, study visits, in-country and overseas training courses, joint design, planning and implementation of educational innovations, action research, and joint monitoring and evaluation of outcomes. From an early stage, an exit strategy is worked out which involves high external input to progressive taking over by the host institution. Experiences of partnership actions are systematically and carefully documented.

The role of MOES is critical in the linkage process. MOES is responsible for setting policies and procedures for institutional collaboration; assigning relevant staff

members for planning and coordinating linkage activities; establishing contact with the institutions; implementing linkage programs; and disseminating the lessons learned.

Annex 3: Definition of Inclusive Education

Inclusive Education:

- Acknowledges that all children can learn
- Acknowledges and respects differences in children: age, gender, cast, ethnicity, language, disability, HIV etc.;
- Enables education structures, systems and methodologies to meet the needs of all children;
- Is part of a wider strategy to promote an inclusive society;
- Is a dynamic process which is constantly evolving;
- Is contextual;
- Need not be restricted by large class sizes or a shortage of material resources.

The above text is quoted from the definition of inclusive education approved by the Special Needs Education Section, MOES.