

**Nepal School Sector Development Plan**  
**2021- Budget Review Meeting**  
**May 17 – 21, 2021**  
**Aide Memoire**

**I. BRM Background and Proceeding**

1. The School Sector Development Programme (SSDP; FY 2016/17–FY 2020/21) is a long-term plan of the Government of Nepal (approved in 2016). It aims to increase the participation of all children in quality school education through strategic interventions and new reform initiatives to improve equitable access to, and the quality, efficiency, governance, management and resilience of Nepal's education system. The Ministry of Education, Science and Technology (MoEST) is the executing agency and the Centre for Education and Human Resource Development (CEHRD) is the implementing agency of the SSDP under the Sector Wide Approach (SWAp).
2. The SWAp is supported by nine Joint Financing Partners (JFPs)<sup>1</sup>, who have committed their funding support through a Joint Financing Arrangement (JFA). The SWAp is also supported through other development partners, including international and national non-governmental organizations (I/NGOs) who are members of the Local Education Development Partner Group (LEDPG). As provisioned in Section V, paragraph 33, of the JFA, MoEST invites JFPs for annual Budget Review Meetings (BRM). As customary and in the interest of upholding good practices of effective coordination, key agencies supporting SSDP outside the JFA framework also participate in the associated joint mission to review and discuss key sector issues.
3. As the SSDP program will end on 15 July 2021, the 2021 BRM was held from 17–21 May 2021 as a transition from SSDP to the first year of the new Education Sector Plan (ESP 2030)<sup>2</sup>, which will begin at the start of the next Nepali fiscal year in mid-July 2021.
4. The specific objectives of the 2021 BRM were as follows:
  - I. To review the proposed strategies, key activities and budget for FY 2021/22 and the framework of reporting.
  - II. To assess and confirm the achievement of any remaining SSDP Year 3, 4 and 5 (FYs 2018/19, 2019/20 & 2020/21) disbursement linked indicator (DLIs) and global covenants.
  - III. To update on school reopening following COVID closures, implications on the sector and further plans to mitigate impact on education.
  - IV. To review the status of agreed actions to strengthen public financial management (PFM) in the education sector and update the Fiduciary Management Action Plan (FMAP) (including updates on all outstanding ineligible expenditures).

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<sup>1</sup>Asian Development Bank, European Union, Finland, Global Partnership for Education, JICA, Norway, UNICEF, USAID and World Bank

<sup>2</sup> The Government of Nepal's strategic plan for the years spanning 2021 – 2030 is referred throughout this document as the new education sector plan, the education sector plan, or ESP. A final title for the plan will be adopted as part of the finalisation and will be based on the overall scope of the plan.

- V. To agree on the timeline and actions for ending SSDP and initiate an action plan to evaluate SSDP.
  - VI. To agree on the scope of further work to complete the preparation of the new ESP before its joint appraisal.
  - VII. For development partners to commit continued support for the ESP 2030 and endorsement of new funding processes.
5. The observations made and agreements reached during the BRM are recorded in this Aide Memoire. The key issues and agreed actions to be included in the Aide Memoire were discussed at the closing session on 21 May 2021, which was chaired by the MoEST Secretary, Mr Ram Prasad Thapaliya. The session was also attended by the JFPs' heads of agencies/missions and the Ministry of Finance (MoF). The understandings recorded in this memoire are subject to the approval of the higher authorities of the Government of Nepal. As practiced in the past, this memoire, including all the presentations will be made public on MoEST's website.

## II. **BRM Findings**

### A. **FY 2021-2022 ASIP and AWPB**

6. **Financing for FY 2021/22:** MoEST's proposed budget for ESP FY 2021/22 is US\$ 1,211.31 million, which is an increase of 14.8% compared to the budget for the final year of SSDP (FY 2020/21) of US\$ 1,055.6 million. Of the FY 2021/22 ESP budget, US\$ 29.26 million (2.41%) has been allocated at the federal level<sup>3</sup>, for which the budget ceiling has been confirmed. Additionally, indicative allocations have been made of US\$ 7.32 million (0.6%) for provincial governments and US\$ 1,174.78 million (96.9%) for local governments. The budget allocated for provincial and local governments will be provided as conditional grants through intergovernmental fiscal transfers, as has been done for the last two years (FYs 2019/20 and 2020/21) for implementing SSDP. The indicative budget proposed for provincial and local governments will be confirmed after the budget is announced in the federal parliament on 28 May 2021, which will also confirm the share of the education budget in the national budget and the level of increase of the education budget in real terms.
7. **Key strategies and activities proposed for FY 2021/22:** The budget review meeting acknowledged the commendable efforts of MoEST and CEHRD to ensure the timely sharing of the draft FY 2021/22 annual strategic implementation plan and annual work plan and budget (ASIP/AWPB) with development partners for their review, especially given the extremely challenging current context. However, it was agreed that the ASIP and the COVID 19 emergency response plan need to be reviewed and updated in response to the impact of the ongoing pandemic on the school education sector. Another priority is to ensure that sufficient resources are allocated through the ASIP/AWPB and through off-budget support and technical assistance to strengthen the implementation capacity at the local government level. This issue was repeatedly raised as a key priority in the consultations prior

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<sup>3</sup> A portion of the federal SSDP budget is to be transferred to the PGs and LGs through conditional grants for SSDP activities. For example, the budget under "Public School Strengthening/President's School Reform Program" will be transferred to LGs for implementation once guidelines are prepared.

to- and during the BRM. It will also be important to include strategies to enhance coordination and collaboration with all three layers of government, especially during the COVID-19 pandemic, and to propose modalities to encourage provincial and local governments to complement funding received through conditional grants with their respective discretionary funds to increase ownership and accountability by these governments.

8. **Technical Assistance in the Education Sector Plan:** Technical Assistance (TA) has been an integral off-budget aspect of the SWAp approach in the EFA (Education For All), SSRP and SSDP. As such, the mission noted its intention for TA to continue as a central aspect of the new education sector plan. Like all aspects of the education sector, there is a need to review and revise the TA function and modality for the new ESP. As such, the MoEST shared a presentation (annex G) to initiate discussion on a revised TA framework to increase alignment and effectiveness within the SWAp for the new ESP. The aim of this new framework will be to harmonize the various TA support being implemented by development partners with the Government of Nepal’s strategic priorities and outcomes. To achieve this, it is recognized that the modality of TA needs to be updated and restructured for the new federal context to address the bottlenecks and challenges in the emerging system. It is recommended that the development of a new framework is undertaken by a working group comprising Local Education Group members alongside the development of the GPE Compact agreement (see paragraph 54)
9. **JFP support for ESP 2030:** The total indicative commitment from JFPs for the FY 2021/22 is approximately US\$ 81.16 million<sup>4</sup> (table 1). This is composed of both fixed and DLI-based disbursements.

**Table 1: Tentative commitment and disbursement from JFPs for FY 2021/2022**

Joint Financing Partners	Type	Indicative Commitment for ESP <sup>5</sup>	Remaining Disbursement for SSDP
ADB	Prior DLI	US\$20 million (out of total approximate US\$100 million for next five years. This may increase subject to ADB/Government discussion in third quarter of 2021)	US\$37 million
European Union	Fixed	Overall commitment to ESP to be announced by end of 2021 and confirmed by end of 2022. First disbursement in 2023	5 million EUR (SSDP Y4, fixed tranche) 4.7 million EUR (SSDP Y5, fixed tranche)
Finland	Fixed and DLI	19 million EUR (2022-26) subject to agreement negotiations and parliamentary approval. First disbursement 3 million EUR.	2.05 million EUR (SSDP Year 5, fixed tranche) 1.1 million EUR (Covid-19 response) 5.4 million EUR (SSDP year 4, pending. Fixed 4.15 million EUR and 1.25 million EUR DLI 6.4)
JICA	Fixed	Support to ESP is still under discussion and subject to the	0 (Completed)

<sup>4</sup> This includes Finland’s contribution of €3m converted to \$3.66 according to the exchange rate €1 = US\$1.22 retrieved 27<sup>th</sup> May 2021

<sup>5</sup> Subject to ESP appraisal and agreement negotiations

		decision by the Government of Japan	
Norway	Fixed	US\$ 7 million	NOK 63,815,301 (US\$ 7,667,492) <sup>6</sup>
UNICEF	Fixed	US\$ 500,000	
World Bank	DLI	US\$ 50 million (Year 1); to be confirmed for remaining years	US\$ 70,000,000
USAID	DLI	0 for the upcoming FY (Funds will be available starting FY 2022/23)	US\$ 5.5 million (SSDP Years, 3, 4 and 5)

10. **Responding to the COVID-19 pandemic:** As of 19 May 2021, there are 114,529 active cases of COVID-19 in Nepal. Prohibitory orders have been issued in 73 out of Nepal's 77 districts to prevent further transmission. To reduce the impact of the pandemic on the education sector in FY 2021/22, it was agreed to update the COVID-19 emergency response plan. This will be implemented as part of Year 1 of ESP 2030, including contingency measures to enable the Government to adapt activities included in the ASIP, based on different possible scenarios. This will be especially important in terms of the proposed activities in the 2021/22 ASIP/AWPB relating to new infrastructure, physical events and training which could be affected by COVID restriction. The plan should also free up resources to increase alternative education activities and remedial support to (and provide additional resources as per the need). In this regard, the Government, development partners and the Nepal Education Cluster are continuing dialogue to understand what can be done to reduce disruptions to children's learning. As the duration and severity of the effects of the pandemic cannot be predicted during the FY 2021/22, it was agreed that there needs to be the possibility during the upcoming fiscal year to review and adapt the budget.
11. A major lesson learned from the response during the 2020 school closures was the need to support teachers and enable them to support students to continue their education through alternative learning modalities. The ASIP/AWPB therefore needs to include strategies and plans to provide teachers with the support and means they require to employ these alternative modalities as the 2021/22 academic year is starting in May 2021 with the schools remaining closed. Ensuring good collaboration with non-governmental organizations and other civil society representatives within the local education group will be very important as the duration and severity of the effects of the pandemic cannot be predicted. Non-governmental organizations provide resources to the sector. AIN/EWG reports reaching more than 3 million students across 515 local governments. The presentation by the Association of International NGOs Education Working Group (AIN-EWG) is attached as Annex B.
12. The development partners carried out a mapping exercise to provided MoEST with an overview of planned support against key priorities in terms: of dissemination and the use of learning resources; the development of mechanisms to support teachers' engagement of students in learning through alternative and distance learning; and to monitor students' access to alternative resources and their ability to learn from these. It was agreed at the BRM to establish a working group with MoEST, development partners, cluster lead and co-leads to review and update the Nepal education COVID-19 emergency response plan based on the current context and to agree on which of the activities are to be supported through the Nepal Education Cluster (NEC). The mapping of the support by development partners identified to now is attached as Annex C.

<sup>6</sup> Converted according to the exchange rate 1 NOK = US\$0.12 retrieved 27<sup>th</sup> May 2021

13. **Progress on ASIP/AWPB 2020/21:** It is clear from the situation in the first and second trimesters of FY 2020/21 that the COVID-19 pandemic has significantly disrupted the plans and activities of the 2020/21 ASIP/AWPB. At the time of the finalization of the 2020/21 ASIP/AWPB, the Nepal Education Cluster (NEC) had developed the education sector COVID-19 contingency plan, including projected caseloads and costs for three different scenarios.<sup>7</sup> Based on the identified needs of different groups of students, the NEC supported the development of online, offline, media-based and printed learning materials with the respective guidance for teachers, parents and caregivers. Additionally, an online learning portal was developed. The FY 2020/21 ASIP/AWPB budget to fund activities identified in the contingency plan has, however, been insufficient to address the needs of the most critical scenario and the projected US\$ 25.4 million funding gap. In response, MoEST worked with MoF on how the FY 2020/21 budget could be adapted and funds redirected to respond to the pandemic. Based on this, US\$ 26.92 million was repurposed towards the COVID-19 response, leaving a funding gap of NPR 11 billion, as reported in the November 2020 Joint Review Meeting (JRM). Furthermore, the JFPs have provided additional resources over the course of the FY 2020-21 totaling US\$ 50 million in support of MoEST to address the COVID-19 response funding gap.

**B. Progress on the achievement of status of global covenants and disbursement linked indicators**

14. The BRM mission noted that of the three global covenants, two have been achieved. Firstly, the second trimester financial monitoring report (FMR) was shared on 15 April 2021 and there are no outstanding FMRs. Secondly, the audited financial report for FY 2018/19 was shared with the JFPs within the grace period and the financial report along with the management letter will be shared by 15 July 2021. Thirdly, the SSDP budget heads were changed to align with the federal structure. However, the overall national budget for FY 2020/21 decreased by 3.8 percent (from NPR 1,532.96 billion in FY 2019/20 to 1,474.64 billion in 2020/21), due to the impact of COVID-19 on revenues. Despite this overall decrease, the Government increased the education budget in FY 2020/21 by 4.5 percent compared to FY 2019/20, which constituted 11.6 percent of the national budget. This reiterated the Government of Nepal's commitment to prioritizing the education sector, despite the significant resource constraints it was faced with. However, the current inflation rate of 6.5 percent means that this is not an annual growth in real terms (which is the final global covenant), which means that this commitment was not achieved for the first time during SSDP. Given the unprecedented situation and the extent to which this is driven by external factors (i.e. the immediate impact of the COVID-19 pandemic on the country's economy), on 27 April 2021 MoEST appealed to the JFPs to waive this requirement.

**DLI 1 – Reading proficiencies and habits strengthened in early grades.**

15. **DLI 1.3 (year 3) National Early Grade Reading Program minimum package is rolled out in 20 districts:** MOEST has shared the achievement report and IVA is verifying the results. The IVA will share the verification report documenting evidence of the implementation of all the components of NEGRP minimum package in 20 districts by the end of June 10, 2021.

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<sup>7</sup> The three scenarios envisaged in the Education Cluster Contingency Plan (May 2020) were 1) Schools open in July 2020; 2) Schools open before the Dashain festival in October 2020; and 3) Schools remain closed throughout the 2020/21 academic year.

16. **DLI 1.4 (year 4) and DLI 1.5 (year 5) National Early Grade Reading Program minimum package is rolled out in 29 (1.4) and 38 (1.5) districts:** The targets for Year 4 and 5 are the implementation of the NEGRP minimum package in at least 80 percent of community schools in 30 (20+10) districts and in 38 (30+8) districts respectively. Teacher training was conducted in some districts and a budget was provided to each school, for procuring teaching and learning materials (TLMs). The Integrated curriculum has been rolled out in grade 1. grade 2-3 will be rolled out nationwide in the 2021/2022 academic year . All the students are receiving revised free textbooks including exercise books and evaluation sheets. The achievement report will be shared by August 31, 2021 and the independent verification report will be shared by September 31, 2021. However, the implementation of activities under NEGRP were negatively impacted by the pandemic. Hence, it is likely to be difficult to fully achieve these DLI targets. Thus, the Mission recommended the revision of the EGR minimum package and to roll over this DLI to the first year of ESP 2030 if the results are not achieved by July 15, 2021.
17. **DLI 1.5b (year 5) An increase of 2.2 percentage points over baseline of 3rd graders reading grade level text with fluency and comprehension:** A nationally representative National Assessment of Reading and Numeracy (NARN) survey was fielded in March 2020. The NARN result’s findings were shared with development partners before the 2021 JRM. However, there are issues while comparing results with the 2014 baseline survey results. As a result, DLI 1.5b has been cancelled.

**DLI 2 – Increased teaching-learning processes through National Curriculum Framework (NCF) revision and access to activity-based Mathematics, Science and English language materials.**

18. **DLI 2.3 (Year 4) and 2.4a (year 5) Revision of the curriculum for grades 9-12 (2.3) the implementation of the new grade 9 curriculum (2.4a)** The revision of the curriculum for Grades 11-12 has been finalized and made public. The Grade 9-10 pilot curriculum has been approved and will be piloted in academic year BS 2078 (2021/22). Based on this, the curriculum will be finalized and approved. This approved curriculum will be implemented in Grade 9 in academic year BS 2079 (2022/23) and in Grade 10 in academic year 2080 (2023/24). MoEST is due to submit the achievement and verification report on this DLI together with the request for disbursement to the World Bank by the end of June 7, 2021.
19. **DLI 2.4 (year 4) MoEST's online learning platform/portal institutionalized and fully operationalized:** As a part of the request to restructure the DLIs following the JRM 2020, the Year 3 DLI ('1,000 basic schools provided with activity-based kits for mathematics, science and English language') is replaced with Year 4 DLI as there was an urgent need to establish an online learning portal to facilitate learning continuity during the COVID-19 lockdown, which began in March 2020. The online learning portal (*Sikai Chautari*) was developed and hosted online in May 2020. The portal includes self-learning materials for Grades 1-10, including maths, science and English language kits developed for Grades 6–8 as per the Year 2 DLI.
20. The Mission emphasized the need to develop and approve guidelines for establishing a dedicated unit/section within CEHRD for managing and regularly updating the portal so as to ensure its institutionalization by 30 June, 2021. It is also recommended that this unit/section conduct, on a fast-track basis, technical activities to improve access to the portal with support from the recently formed technical task force.
21. **DLI 2.4b (year 5) At least 4,000 schools accessing the online portal for teaching and learning for cumulative academic years 2020/2021 and 2021/22, benefitting at least 60,000 students of which**

**50.0% are girls:** The Mission noted that CEHRD is collecting information related to the number of schools accessing the online portal. It is crucial that CEHRD uses all means of communication to disseminate information to all local governments, schools and teachers on the availability of the portal for teaching and learning so that schools, teachers and students with access to ICT facilities are benefitted.

**DLI 3 – Improved Teacher Management, availability and accountability, including improved deployment of trained subject teachers for Mathematics, Science and English in basic and secondary schools.**

22. **DLI 3.2 (year 2) Teacher time-spent-teaching (TST) monitoring system is operational in 15% of community schools:** The independent verification of a TST monitoring system in 15% of all public schools (Year 2 target) was shared by MOEST. Currently it includes data for the 9.8% of the sample schools. The verification report needs to be updated slightly including data for 10% of the sample schools. The revised verification report, and achievement report should be submitted together with the request for the disbursement to the World Bank by end of June 2021.
23. **DLI 3.4b (year 4) TST monitoring system is operational in 400 LGs:** This DLI was restructured due to COVID 19 school closures and has been split into two (i) TST monitoring system operational in 229 LGs and (ii) 171 LGs have implemented alternative mode of learning during COVID 19 school closures. On (i) submission of achievement report (229 LGs) and verification of achievement has been prepared. The achievement and verification report together with the request for disbursement to the World Bank needs to be submitted by end-May 2021. On (ii) data is available under the survey conducted by the CEHRD in September 2020. The achievement and verification report together with the request for disbursement to the World Bank needs to be submitted by end- June 2021.
24. **DLI 3.4a (year 4) 2,000 basic and 1,000 secondary schools have full complement of Mathematics, Science and English subject teachers:** MOEST has submitted the achievement report of 2,063 basic and 1,020 secondary schools for ensuring placement of science, mathematics and English (SME) teachers with a provision that each of these teachers may teach either secondary or basic or both levels in the same schools. The achievement report has been forwarded to IVA for verification; however, due to second wave of COVID-19, the verification is likely to be delayed, and may need to be conducted through alternative means as was also done for Year 3 DLI (in the context of first wave of COVID-19).
25. **DLI 3.5b (year 5): 13,500 subject teachers for science, mathematics and English trained in new subject wise training.** The Mission noted that MOEST has requested ADB for minor revision in the verification protocols. CEHRD has prepared a cumulative record of 6,475 teachers that have been trained in the first 15-day package of science, mathematics and English subjects till March 2021. The achievement report will be submitted to IVA by the end of June 10, 2021. This will allow ADB to make partial disbursement against the achievement. To meet the remaining targets, the government has allocated a budget in FY 2021/22 to train (a) 10,050 SME teachers in grades 6-8 and 9-12, and, (b) 2,900 basic and 2,600 secondary SME teachers.
26. **DLIs 3.3c (year 3) and 3.5c (year 5) Number of teachers requiring redeployment to be reduced by 25% (3.3c) and 60% (3.5c) from baseline:** The report to confirm the achievement claimed against these DLIs is yet to be submitted by MoEST. In the November JRM, it was informed that of the 12,699 teachers from 323 local governments to be redeployed across local governments, 10,586 basic teachers (83.3%) have been redeployed within their local governments. Note that no teachers are to

be redeployed in the other 430 local governments. The achievement and verification report needs to be submitted by June 2021.

#### **DLI 4 – Assessment and examination system reforms undertaken to improve teaching learning.**

27. **DLI 4.4a (year 5) Analysis of (i) standardized grade 10 examination results and (ii) NASA results.** DLI 4.4a (i) was restructured to “MOEST approves a framework for conducting the SEE exams at the provincial level”. The DLI was impacted due to the COVID -19 since the roll-out of the standardized examination could not be undertaken. The DLI wording is revised to incorporate this change. The DLI is also rolled over to FY 2021/22. The framework is currently being prepared by NEB and is expected to be completed by December 2021. DLI 4.4a (ii) is expected to be achieved in July 2021. The achievement and verification report needs to be submitted by August 2021.
28. **DLI 4.3b (year 5) MOEST approves a repository of sample standardized test items for mathematics, science, and English subjects for grade 8:** The Mission was informed that National Education Board (NEB) has completed preparation of a repository (item bank) of 3,000 test items for mathematics, science, and English subjects for grade 8, and the formal approval of the repository by MOEST and NEB is ongoing. It has been agreed that MOEST will submit an achievement report by 31 May 2021 to IVA comprising of sample test items from the item bank which shows: the year of development, grade level, test domain, sub-domain, cognitive skill required, difficulty level, history, psychometric item parameters, and other relevant tags of each item..
29. **DLI 4.4b (year 5) Standardization of Grade 10 examinations.** ADB and the World Bank will continue to support the government through TA for the standardization of Grade 10 examinations. Given the technical issues and severe time constraints in administering the SEE during the current COVID-19 second wave crisis, ADB will restructure this DLI by September 2021 and reallocate the existing resources to DLI 2 to continue strengthening MOEST/CEHRD's online learning portal (Sikai Chautari) and enhancing access of schools to the online resources.

#### **DLI 5 – Model Schools piloted with comprehensive quality inputs and innovative teaching and learning.**

30. **DLI 5.3b (year 3) and DLI 5.4 (year 4) The 100 schools selected in 2017 (5.3b) and the 100 schools selected in 2018 (5.4) will be provided with science and ICT labs, libraries, e-resources and mathematics, science and English language (MSE) kits, in accordance with the specifications in the guidelines for the establishment and operation of model schools and with the detailed school-specific quality improvement plans:** The Mission was informed that the Government has already collected progress on these indicators from the selected model schools. However, given the difficulty in physically installing the MSE kits in the schools' servers in the current COVID-19 context, the Mission has agreed to revise the existing DLI and verification protocol by replacing the provision of MSE kits with access to and use of MOEST/CEHRD's online learning portal (Sikai Chautari). The achievement report will be prepared and submitted for independent verification by the end of June 2021.
31. **DLI 5.5 (year 5) At least 200 secondary schools upgraded to model schools, benefitting 40,000 students of which at least 50% are girls:** The Mission was informed that the government has already sent a circular to all the selected schools for introduction of science subjects in grades 11-12 from the upcoming academic year, so as to enhance equitable access to science subjects in secondary education across the country. The Mission noted that three types of budgets (for construction, HT and teacher incentives, and improvement of quality) have been allocated in the FY 2021/22

ASIP/AWPB for the model schools. However, given the delays in release of budget from the LGs to schools resulting in budget freeze, the Mission agreed that MOEST will coordinate with the LGs for resolution of the issues so that the schools can continue to implement planned activities for quality improvement.

#### **DLI 6 – Reduction in disparities in access, participation and learning outcomes**

32. **DLI 6.3 (year 3) Reduction of 30% of out of school children (OOSC) in the 15 most disadvantaged districts:** The DLI achievement report and the verification report has been submitted by MoEST.
33. **DLI 6.4 (year 4) Overall reduction of OOSC by respective 250,000 children:** DLI 6.4 is reported as achieved. However, the verification has been delayed due to COVID-19. Alternative mode of verification will be considered to submit the verification report together with the request for disbursement to the World Bank and Finland by 30th June 2021.
34. **DLI 6.5 (year 5) OOSC in basic education age reduced by 5% (reduced by 5.6 percent from a baseline of 10.6 percent) in the relevant age group:** CEHRD will update the status of the DLI by July 15, 2021.

#### **DLI 7 – Increased access and participation in secondary education**

35. **DLI 7.4 (year 4) 5.0% increase in Gross Enrolment Rate (GER) for secondary education over the baseline (girls 61.6 and boys 61.8); Year 5 – DLI 7.5a: 10.0% increase in GER for secondary education over baseline (girls 66.6 boys 66.8):** The DLIs for both Years 4 & 5 have been fully achieved and disbursed. The Mission highlighted the need to maintain the gains made in the GER for secondary including science enrollment, especially in the context of the COVID-19, and improve it further in the coming years.

#### **DLI 8 – Provision of adequate Disaster Risk Reduction (DRR) resilient safe school facilities at all levels.**

36. **DLI 8.3a (year 3) A further 120 school blocks retrofitted in non-earthquake affected districts:** The MOEST has shared the achievement report of 125 school blocks retrofitted and IVA is ongoing. The IVA report will be submitted by 15th July 2021.
37. **DLI 8.3b (year 3) DRR thematic study to inform SSDP MTR and review of School Guidelines for DRR standards for school construction, retrofitting and SDM:** The study was already submitted in 2019. The review of the guidelines is still ongoing, and they will be submitted by 15th July 2021.
38. **DLI 8.4a (year 4) A further 120 school blocks constructed and retrofitted in non-earthquake affected districts:** CEHRD considers that the DLI has been achieved but the compilation of information and the elaboration of the report is ongoing. The achievement report will be submitted by 15th July 2021 and the IVA before 30th October 2021.
39. **DLI 8.4b (year 4) Establishment of a public database with all planned/ongoing/ completed reconstruction and retrofitting of safe schools:** The integration of the CLPIU database with the EMIS database is not completed. The public database will be completed by 15th July and its use will be independently verified and reported by 30th October 2021
40. **DLI 8.5 (year 5) A further 120 school blocks were constructed and retrofitted in non-earthquake affected districts:** The budget was released to the LGs, works are ongoing but delayed due to the

COVID crisis. Achievement report will be submitted by 30th January 2022 and IVA by 30th March 2022.

**DLI 9 – Improved governance and strengthened fiduciary management.**

41. **9.3e (year 3), 9.4e (year 4) and 9.5d (year 5) A total of 400 LGs have made data on conditional grants released to individual schools, consistent with the Grant Management Guideline, public on user-friendly websites (or accessible spaces):** A single achievement report has been prepared for 300 LGs (9.3e and 9.4e). Verification of achievement is currently pending. Alternative methods of verification are required in light of the COVID -19 situation. The deadline for achievement of Year 3 and 4 is July 15, 2021. A verification report for 300 LGs needs to be submitted by the end of June 2021. Year 5 (a further 100 LGs) has been rolled over to FY 2022/23.
42. **DLI 9.2a (year 5) School level expenditure reporting operational in 400 LGs was restructured:** The revised DLI is “School accounting software (SAS) piloted in 2,000 schools.” SAS includes, basic, simple, medium and advanced versions to accommodate the needs and realities of different types of schools. This DLI was revised in light of the new software-based system being developed for reporting school-level expenditures which would be more efficient in place of paper-based reporting. Partial disbursement can be made based on achievements. The timeline for achievement and verification will be confirmed before the 2021 JRM.
43. **DLI 9.4a (year 4) and 9.5e (year 5) Procurement training to 4,000 secondary schools:** The school procurement manual was updated in line with the amended Public Procurement Act and Regulations, and training has been provided to 3,500 secondary schools till date. The Mission was informed that CEHRD is continuing the training to meet the remaining targets by July 2021. The Mission agreed that the achievement report comprising a list of secondary schools that have completed the training will be submitted by the end June 2021.
44. **DLI 9.4b (year 4) and DLI 9.5b (year 5) Submission of unaudited financial statements based on expenditure from the LGs on SSDP conditional grants:** Unaudited financial statement for FY 2019/20 based on the actual expenditure of SSDP conditional grants of 746 (99%) local governments based on financial reporting in SUTRA has been submitted. In the case of 7 remaining LGs, the allocated budget/disbursed amount has been considered as expenses in the absence of financial reporting. Hence, the DLI for year 4 has been achieved and verified for disbursement. For Year 5, the Mission expects that the momentum will be continued and the unaudited financial statements for FY 2021/22 will be prepared based on the actual expenditures of all 753 local governments.
45. **DLI 9.5a (year 5) Reduction in audit observation:** The submission of the audit report for FY 2019/20 has been delayed due to the current second wave of COVID-19 and will likely be submitted in July 2021. The ratio of ineligible expenses to SSDP total expenses was 3.5 % in FY 2016/17, 5.3 % in FY 2017/18 and 5.4% in FY 2018/19. The ratio of ineligible expenditure on building and other construction work at schools to the total ineligible expenses was 99% in FY 2016/17, 79% in FY 2017/18 and 94% in FY 2018/19. The Mission noted that it is difficult to meet this DLI.
46. **DLI 9.4c (year 4) Number of unaided schools receiving block grant reaches 500:** This DLI is partially achieved and a partial achievement report with a list of 262 schools was shared. Currently budget for 444 schools has been already released. The verification report based on the partial achievement should be shared by June 10, 2021 together with the request for disbursement to the WB.

47. **DLI 9.5c (year 4) Performance based grants for schools implemented in 400 LGs:** Budget has been released to LGs for selecting schools and providing the grants. The achievement and verification report needs to be provided July 15, 2021.
48. **DLI 9.4f (year 4) and DLI 9.5f (year 5) Designated education officer appointed in the sanctioned position(s) in LGs.** The DLIs for both Years 4 & 5 have been fully achieved and disbursed.

**DLI 10 – Enhanced reliability and transparency of EMIS data, including school level data.**

49. **DLI 10.5 (year 5) School profiles from EMIS generated and used in social audits annually to improve school performance:** The Mission noted the continuous improvements in the EMIS, including. It is suggested that the revised social audit guideline is approved in due course and that the PIM for FY 2021/22 explicitly makes mention of the use of school profiles in school social audits from FY 2021/22 onwards. Further, the Mission recommended that budget provision be made in FY 2021/22 for social audit purposes.

**C. Education Sector Plan (ESP)**

50. The challenging context caused by the COVID-19 pandemic in 2020 impacted the ambition of the Government and its development partners to undertake the Education Sector Analysis (ESA) and develop the draft ESP 2021-2030 in the modality and timeframe that was envisioned in the joint ToR that had been finalized in early February 2020. Despite this, the Government team led by the ESP Steering Committee completed the ESA. The ESA was used to inform the work of the 12 Government-led thematic consultative groups that produced thematic approach papers based on which the ESP writing team has produced the first draft of the ESP. Consolidated comments have been received from the LEDPG that are currently being used to further update the draft ESP. The comments and the BRM presentation on the ESP are attached as Annex D.
51. **Finalization of the ESP 2030:** The JFPs have acknowledged the efforts to produce the draft ESP under the current difficult circumstances. Based on the first draft of the ESP, the Government has formally requested the JFPs to support the ESP 2030, based on which JFPs are in the process of identifying indicative commitments. Initially, it was agreed that this BRM would facilitate in-depth discussions based on the provided consolidated feedback to allow for a consensus on the scope of revisions and updates to be included in the next draft of the ESP. However, due to the need to adapt the BRM modality, it was instead agreed to provide a dedicated separate time for this discussion and reach a consensus on the scope of further work and the mobilization of technical expertise that is required for this.
52. Furthermore, the Development Partners Focal Point will complete the mapping of requirements from JFPs within May 2021 and MoEST will facilitate respective JFPs in exercises to comply with these requirements, such as risk assessments and fact-finding missions. The updated ESP draft will then be submitted by 15 July 2021, allowing endorsement of the ESP by the Local Education Group (LEG), and following this, submission for Government approval at the end of July 2021. It was further agreed to initiate the drafting of ESP Joint Financial Arrangement after LEG's endorsement of the ESP in June to provide guidance for reflecting joint functions under the SWAp in JFPs' bilateral agreements as and when these are developed. The presentation on the timeline of ESP development is attached as Annex E.

53. As part of the BRM preparation there were virtual consultations with education stakeholders to replace field visits (see paragraph 62). The stakeholders made the following specific recommendations for the new education sector plan<sup>8</sup>:
- I. Introduce a more effective mechanism for local government support and capacity development.
  - II. Make local level education staff and head teachers more familiar with EMIS for monitoring and planning.
  - III. provide teachers with coordinated professional development administered at the sub-national level (overseen by provincial teacher training centres), which takes advantage of emerging online training opportunities.
  - IV. Designate high performing public schools as resource schools to facilitate knowledge sharing with other schools in their localities.
  - V. Make education planning (at all levels from school to national planning) more participatory.
  - VI. Elected officials of local governments requested increased accountability mechanisms in the education sector. In particular, they shared it was necessary to make schools and teachers more accountable for the provision of quality education.
54. **GPE Compact Partnership:** Nepal is confirmed as one of the five countries to pilot the new partnership modality of the Global Partnership for Education's Partnership Compact. This compact is an agreement on key priority areas for improvement. This will provide a structure for the GPE support through both the System Transformation Grant (STG) and Multiplier of a combined US\$ 50 million and the System Capacity Grant (SCG) of US\$ 3.4 million. The Compact defines the parameters for GPE support and is therefore a prerequisite to accessing GPE support. The Compact document, which is to be developed by a Compact Working Group (CWG) by June 2021, will serve as a strategic framework. The Compact will identify transformation priorities within the new education sector policies and plan.
55. The CWG consists of representatives of the LEG and is led by the MoEST and co-lead by the development partner focal point. The other members are representatives of the different types of LEG members. It was not possible for the CWG to share the key issues against the strategic priority areas during the BRM due to the alternative modality. Therefore, it has been agreed that the LEG will be consulted via an online questionnaire. This process will validate the issues identified by the CWG and based on this the country analysis will be drafted by the CWG and shared with the LEG for endorsement before the end of May 2021. After which, the analysis will be submitted for independent review. The Nepal Compact will be further developed to incorporate any findings and recommendations of the independent review, before being submitted to the GPE Board for approval by June 2021. At this time grant agent selection for the GPE System Transformation Grant (STG) and Multiplier and the System Capacity Grant will be completed.

D. **Financial Management**

56. **Audited Annual Project Financial Statements for FY 2019/20.** The time for submission of the audit report and audited financial statements for FY 2019/20 has been extended to 15 July 2021 due to the COVID-19 situation, but it is expected to be submitted by June 2021. The unaudited financial statements for FY 2019/20 have been made available and comments forwarded to CEHRD. CEHRD has

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<sup>8</sup> A more detailed summary of the stakeholder consultations is included as annex E

been requested to coordinate timely and adequately with the Office of the Auditor General (OAG) for accomplishing the audit report on time and as per Section VII, Paragraph 47 and Annex X of the JFA.

57. **Interim Unaudited Financial Reports (IUFs) for FY 2020/21.** The IUFs have been received although delayed. The World Bank has provided comments for making the IUFs more reliable.
58. **Ineligible expenditure during SSRP period.** The sorting out of ineligible expenditure has been long discussed but is yet to be resolved. This issue has been pending since the School Sector Reform Plan (SSRP 2009–2015) period. MoEST and CEHRD have again agreed to resolve the issue as soon as possible as discussed in the Public Financial Management TWG Committee meeting on 7 May 2021. A positive development was presented by CEHRD during the mission by preparing a statement of ineligible expenditure and their refund status. This statement was shared with development partners and JFPs for comments. The issues related to ineligible expenditures should be clearer once the audit report for FY 2019/20 is received, as expected by June 2021, and the task of settling ineligible expenditure is agreed to be concluded by 15 August 2021.
59. Ineligible and irregular expenses (in Nepali referred to as Beruju) can be defined as (a) ineligible but recoverable expenditure, b) irregular to be regularized expenditure and (c) advances to be settled. The Mission learned that there is also an issue in regard to ineligible/irregular expenses of SSDP in case of multiple funding sources, especially for construction expenses. These matters need to be discussed and clarified with the Office of the Auditor-General along with JFPs. It has been agreed that necessary meetings with the Office of the Auditor-General and JFPs will be held by July 2021.
60. **Disbursement Balance for SSRP.** Accounts reconciliation is still pending for the School Sector Reform Plan (SSRP), which concluded in FY 2015/16. CEHRD recently prepared and circulated the SSRP disbursement status to development partners and JFPs. After receiving any comments from them, CEHRD and MoEST will proceed to settle the SSRP accounts including with development partners, which can then be adjusted with any ineligible expenditure.
61. **Annual Fiduciary Review (AFR).** The COVID-19 pandemic has meant that the firm mobilized to undertake the AFR has been unable to complete the fieldwork for FY 2018/19. Hence, it has been agreed that the annual fiduciary review for FY 2018/19 and for the upcoming FY 2019/20 (the final one for SSDP) will be combined and, once the situation improves, the combined findings will be presented to the 2021 joint review meeting.

### III. Others

62. **Stakeholder Consultations:** Due to the COVID crisis, it was not possible to conduct field visits prior to the BRM; hence virtual stakeholder consultations were held with local, provincial and central level stakeholders on 11 and 12 May 2021. These involved representatives from students, teachers, head teachers, school management committees, parent-teacher associations, education development coordination unit (EDCUs), mayors, chairpersons, PABSON, NPABSON, Teachers Federation, provincial ministries of social development and provincial education training centres, local education

development partner groups (LEDPGs) and the Government of Nepal. The summary presentation of the stakeholder consultations was circulated with the BRM documentation and is attached at Annex F. The consultations mainly revolved around i) the COVID situation, its implication on learning losses and the responses made, ii) the implementation status of SSDP and iii) the new education sectoral plan<sup>9</sup>.

63. All the participants agreed on the scale and nature of the challenges presented by COVID-19 with particular concerns raised about economically and geographically marginalised students who are hard to reach, lack access to digital learning alternatives and are missing important services such as midday meals. Teacher unions and federations called for vaccinations for all teachers and school staff. It was also expressed that it will be necessary to review and revise the education sector plan for the emerging context.
64. The stakeholders shared a number of best practices regarding school operation during the COVID-19 pandemic: i) state support for students to access online learning materials, ii) the timely distribution of textbooks and/or printed learning materials, iii) frequent contact between teachers and students (using online, phone or community visits), and iv) independent learning tasks (assigned and submitted every 7-10 days). However, access to online modality teaching and learning is a major challenge as municipalities reported large differences. One stakeholder reported as many as 85% of students having online access, but this was in contrast to another stakeholder who reported just 25% of students were able to access resources. This has created a digital divide. This needs to be reviewed and a plan made for reducing the divide.
65. During the consultations, concerns were raised in relation to the lack of clarity and coordination between the three tiers of government on the implementation and management of school education. It was shared that the roles and responsibilities of the three tiers of government need to be based on the various abilities, capacities and understanding at each level. Concerns were raised also about the level of politicization in the teaching workforce, and that this negatively impacts the effective running of schools and the quality of education.
66. **TWG Plenary:** A Thematic Working Group (TWG) Plenary meeting was held on 14 May 2021. MoEST presented the progress updates from the different TWGs along with the challenges faced and some suggestions to feed into the new ESP. The detailed presentation made during the TWG plenary meeting is attached at Annex G.

#### **IV. Key Issues and Conclusions**

67. **Delay in the passing of the Federal Education Act:** The delayed endorsement of the Federal Education Act continues to pose a major challenge for local governments to perform their constitutional responsibilities in implementing school education related functions. It also affects coordination and collaboration in the sector across the three tiers of government. This is even more pertinent as it may

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<sup>9</sup> The recommendations concerning the education sector plan have been included under the relevant section in this aide memoire under paragraph 53.

be difficult to initiate the new education sector plan without the legal framework to be provided by the new act.

68. **Response and recovery from COVID-19:** The initiation of the new education sector plan will need to be taken alongside the ongoing response and recovery from the current COVID-19 pandemic. It will be important to ensure that the substantial loss of learning will be recovered through need-based interventions while regular education sector planning and budget processes will be adapted as the situation unfolds and needs emerge. This will include the need to allow for the repurposing of certain activities if it becomes clear that these cannot be undertaken due to the context and thereby allow for the refocusing of scarce resources in line with emerging needs. The engagement of and support to teachers to enable them to continue supporting children’s learning during school closures is crucial in this regard.
69. **Funding modality:** It is critical to empower local governments, according to their constitutional mandate, to allocate budget towards the education system. However, at the current stage in the transition and enabling of the federal system, it is necessary to ensure funds are utilized effectively and prioritized correctly. Therefore, it is necessary to rethink the modality of conditional grants to local governments for school education so as to provide local governments with flexibility to allocate and disburse these funds effectively and with the necessary accountability. It is important to incentivize local governments to increase allocations from their equalization grants and avoid parallel funding streams in these grants reaching schools. It is also timely to streamline the allocation of school construction budgets to ensure that the schools selected for construction activities receive larger allocations to fully cover construction needs.
70. **Status of agreed actions from 2020 Budget Review Meeting.** The programme shows progress in implementing agreed actions from the 2020 BRM. The status of agreed actions from the 2020 JRM is attached as Annex H. Some pending actions have been carried forward as revised actions under this BRM.
71. **Based on the sessions and deliberations, the joint review team has agreed on the actions as presented in the table 2 below.**

**Table 2: 2021 BRM Agreed Actions**

SN	Action	Deadline	Responsibility
1.	Sharing of the final ASIP/AWPB for FY 2021-22	July 15, 2021	MoEST.
2.	Sharing of the updated COVID-19 Emergency Response Action Plan	June 15, 2021	MOEST, CEHRD, DPs, NEC
3.	Upgrading of EMIS software to support reporting on Covid 19 response/implementation	June 30, 2021	MOEST/CEHRD
4.	Independent appraisal of the ESP on behalf of the LEG	July 15, 2021	MOEST/CEHRD/ LEG

5.	Sharing of the action plan for resolving audit arrears and closure of SSDP accounts	July 15, 2021	MoEST, DPs
6.	Sharing of the plan for capacity building and budget allocation for environmental and social system issues in AWPBs	July 15, 2021	MOEST, CEHRD
7.	Nepal Partnership Compact submitted to the GPE board for approval	June 2021	MOEST
8.	Submission of the final ESP for subscription by the JFPs	Aug 31, 2021	MOEST
9.	Completion of SSDP Evaluation	Dec, 2021	MOEST/JFPs
10.	Discussion with IVA on alternative verification mechanism for verification of achievements	May 31, 2021	IVA, DLI partners
11.	<b>DLI 2.4:</b> Institutionalization of the portal with approved guidelines for establishing a dedicated unit/section within CEHRD for managing and updating the portal.	30 June 2021	CEHRD/MOEST
12.	School Accounting Software piloted in 2000 schools: Submission of the implementation plan for the SAS.	30 June 2021	CEHRD
13.	<b>DLI 8.4b:</b> Database on progress in school reconstructions and retrofitting made publicly available	July 15, 2021	CEHRD
14.	<b>DLI 10.5:</b> Approval of the revised social audit guidelines	May 30, 2021	CEHRD/MOEST

Annexes:

Annex A: TOR of BRM

Annex B: AIN/NCE Presentation

Annex C: Mapping of Covid Support

Annex D: Presentation on ESP

Annex E: Presentation on Timeline for Finalization of the ESP

Annex F: Presentation on Stakeholder Consultation

Annex G: Presentation on TWG Plenary

Annex H: JRM Agreed Actions