Royal Government of Bhutan

Ministry of Education
&
Development Partners

FAST TRACK INITIATIVE

APPRAISAL REPORT:

EDUCATION SECTOR STRATEGY

June 2009

Abbreviations

ADB ..... Asian Development Bank
AIDS ..... Acquired immunodeficiency syndrome
BLSS ..... Bhutan Living Standard Survey
BVQA ……. Bhutan Vocational Qualifications Authority
CE ……. Continuing Education
CEDAW..... Convention on the Elimination of All forms of Discrimination Against Women
CF ……. Catalytic Fund
CoE ……. College of Education
CPIA ……. Country Policy and Institutional Assessment
CPS ……. Community Primary School
CRC ..... Convention on the Rights of the Child
CSO ..... Civil Society Organisation
DEO ……. District Education Officer
DP ……. Development Partners
DSE ……. Department of School Education
DYT ..... Dzongkhag Yargay Tshogdu – District Development Committee
ECCD ……. Early Childhood Care and Development
ECR ……. Extended Classrooms
EdSPS ……. Education Sector Programme Support
EFA ..... Education for All
EMIS ……. Education Management Information System
EMSSD ……. Education Monitoring and Support Services Division
EDF ……. Education Planning Development Fund
GER ……. Gross Enrolment Rate
GNH ..... Gross National Happiness
GNHC …….. Gross National Happiness Commission
GYT …….. Geog Yargay Tshogdu – Block Development Committee
HDI ..... Human Development Index
HDR ..... Human Development Report
HIV ..... Human Immunodeficiency Virus
HRD ……. Human Resource Development
HSS ……. Higher Secondary School
IMF ……. International Monetary Fund
IT ……. Information Technology
LGSF ……. Light Gauge Steel Frame
LSS ……. Lower Secondary School
M & E ……. Monitoring and Evaluation
MDG ..... Millennium Development Goal
MoE ..... Ministry of Education
MoF ……. Ministry of Finance
MOU ……. Memorandum of Understanding
MSS ……. Middle Secondary School
MTFF ……. Multi-Year Fiscal Framework
MYRB ……. Multi-Year Rolling Budget
NCWC ..... National Commission for Women and Children
NEC ..... National Environment Commission

NER …… Net Enrolment Rate
NERC …… National Education Review Commission
NFE ..... Non-Formal Education
NGO ..... Non-Government Organisation
NID …… National Institute of Disabled
NMES …… National Monitoring and Evaluation System
NPAG …… National Plan of Action for Gender
NSB ..... National Statistical Bureau
Nu ..... Ngultrum (local currency)
ODA …… Overseas Development Assistance
PAAR ..... Poverty Assessment and Analysis Report
PEM …… Public Expenditure Framework
PLaMS …… Planning and Monitoring System
PMIS …… Personnel Management Information System
PP ..... Pre-primary
PPD …… Policy and Planning Division
PRSP …… Poverty Reduction Strategic Plan
PTR …… Pupil Teacher Ratio
QA …… Quality Assurance
REC …… Royal Education Council
RGoB ..... Royal Government of Bhutan
RCSC ..... Royal Civil Service Commission
RTM ..... Round Table Meeting
RUB …… Royal University of Bhutan
SAARC ..... South Asian Association for Regional Cooperation
SBVE …… School Based Vocational Education
SEN …… Special Educational Needs
SDG …… SAARC Development Goals
SC (US) …… Save The Children (US)
UNDP ..... United Nations Development Programme
UNESCO..... United Nations Educational, Scientific and Cultural Organization
UNFPA ..... United Nations Population Fund
UNICEF..... United Nations Children's Fund
UBE …… Universal Basic Education
UPE …… Universal Primary Education
WFP ..... World Food Programme

9FYP …… 9th Five Year Plan, 2003-2007
10FYP …….. 10th Five Year Plan, 2008-2013

Glossary

Dratshang Lhentshog	The Commission for the Monastic Affairs in Bhutan
Dzongkha	The National Language of Bhutan
Dzongkhag	Administrative district of Bhutan
Geog	County administrative block under an administrative district of Bhutan
Ngultrum	Bhutanese currency (equivalent value to Indian Rupee)

Exchange Rate: 1 USD = 46 Nu (XE currency converter 15/06/09)

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Endorsement of Bhutan's Basic Education Sector Strategy and Financial Framework (2008-2013)

We, the undersigned, have positively appraised the Royal Government of Bhutan's (RGoB) Education Sector Strategic Plan (2002-2020), as articulated in the 10th Five-Year Education Sector Plan (2008-13), and presented in this Appraisal Report. We therefore propose that the Bhutan Education Sector Strategic Plan be endorsed by the FTI Secretariat.

Country: BHUTAN

Signature by partners who recommend the sector plan for FTI endorsement

Name of agency	Signature
Denmark	
Canada	
JICA	
Save the Children (US)	
UNICEF	
UNDP	
UNFPA	
WFP	
The World Bank	

Introduction

1. This appraisal report is prepared in accordance with the FTI Guidelines for Appraisal of the Primary Education Component of the Education Sector Plan, adapted to the Bhutanese context where necessary.

2. Two points of clarification are raised at this point as they underpin all that follows:

   (i) Bhutan has achieved 88% primary school net enrolment in 2008 and, with additional resources targeted to reach the as yet unreached children; the country is on track to achieve Universal Primary Education (UPE / Class PP-VI) within the 10th Five Year Plan period (2008-2013). The Royal Government of Bhutan is further committed to the achievement of Universal Basic Education (UBE / Class PP-X). The impressive achievement in primary school enrolment is placing increasing pressure on secondary school resource levels. Therefore this appraisal considers the relevant factors relating to the initial achievement of UPE and the subsequent achievement of UBE.

   (ii) The 10th Five Year Plan (2008-2013) is used as the key source document for preparing this appraisal, supplermented with current data from MoE Budget and programme plans and MoF current budget estimates. Where necessary, projections have been extrapolated from current data using an annual inflation rate of 4.5%. The RGoB projected 10FYP implementation rate is used, set at 18% per annum for the first two years. The Appraisal is therefore based on the best current and indicative projections available, approved for use in this report by the Ministry of Education (MoE) and the Gross National Happiness Commission (GNHC).

3. The Introduction includes a brief overview of the Basic Education Sector Strategy and the MDG and EFA targets for Bhutan.

   Part 1 of the report appraises the key issues under four headings: (1A) the estimated volume of external resources; (1B) the monitoring process; (1C) critical knowledge or data gaps; and (1D) capacity development issues.

   Part 2 of the report details the findings from the FTI appraisal process: (2A) main documents referenced in the appraisal; (2B) Baseline Education Indicators; (2C) proposed long-term strategic direction for sector development including a cost and finance simulation model; (2D) assessment of the 10th Five Year Plan and capacity constraints; and (2E) assessment of the consultation process.

   Part 3 of the report provides an Appraisal Summary

   Tables of supporting information relevant to this appraisal follow the FTI guidelines. Tables are incorporated into the text and in annexed tables cross-referenced to Part 2.

4. The Appraisal Report has been prepared with full collaboration and involvement of the Ministry of Education, the Gross National Happiness Commission and the Education Sector Development Partners.

5. The FTI appraisal report draws upon three key documents:

   - Education Sector Strategy: Realising Vision 2020,
   - MDG Needs Assessment and Costings Report (2006-2015),
   - 10th Five Year Plan 2008-2013 (10FYP, 2009)

6. This Fast-Track Initiative appraisal process was initiated in Bhutan in late 2005. Throughout the process it has been acknowledged that the RGoB in general and the MoE in particular, are central to the whole process. A preliminary analysis of the status and progress indicators in the education sector was prepared by the MoE. In mid-2006 a number of preparatory papers were developed, addressing key appraisal issues. This ensured full internalisation of the process by MoE personnel and development partners. In May 2007, the FTI appraisal process was progressed through more intensive dialogue between the MoE and development partners. A draft appraisal report was submitted by the World Bank, as lead FTI partner, to all stakeholders for review and comment. The final stage of the appraisal process was carried out in mid-2008, with alignment to the 10FYP completed in June 2009. All stakeholders were consulted before giving their endorsement to this FTI Appraisal of Bhutan's Education Sector Plan. A summary of stakeholder consultations is provided in Table 5. The FTI process was discussed in the first Joint Education Sector Review February 2009, with recommendations for the FTI process included in the JESR Aide Memoire.

7. The main focus of the appraisal process was the 9th Five Year Development Plan, review of 2003-2007 (9FYP) achievements, and programmes identified in the 10th Five-Year Development Plan 2008-2013 (10FYP). The 9FYP and 10FYP serve as Bhutan's Poverty Reduction Strategic Plan (PRSP). The 10FYP was based on a comprehensive review of the 9FYP. The 10FYP was developed by the policy and planning divisions of the various ministries, coordinated by the Gross National Happiness Commission (GNHC) and the Ministry of Finance (MoF), and approved by the Royal Government of Bhutan in November 2008. A results-based planning framework has been introduced in 2008 as the 10th Five Year Plan approach to development .

8. The political developments which have taken place in Bhutan in recent years culminated in a new political order based on democratic elections in 2008. The first Constitution of the Kingdom of Bhutan, signed by His Majesty the King of Bhutan, the elected representatives of the National Assembly and members of the National Council, was adopted on 18th July 2008. On the provision of education, the Constitution states that "*The State shall provide free education to all children of school-going age up to tenth standard and ensure that technical and professional education is made generally available and that higher education is equally accessible to all on the basis of merit*" (Article 9.16).

Overview of the Education Sector Strategy

9. The structure of school-based Basic Education in Bhutan extends from Pre-Primary (PP) Class PP to Class X. Primary Education comprises seven years from PP to Class VI with entry to Class PP for children aged 6 years old. Secondary Education comprises four years Lower Secondary (Class VII-VII) and Middle Secondary School (Class IX-X) and two years Higher Secondary School (Class XI-XII). In addition to general school-based education there are opportunities for children to receive Basic Education through monastic schools and non-formal education, though these learning opportunities are not formally aligned to the system of general education in terms of learning outcome. Monastic education and non-formal education provides learning opportunities in basic literacy and numeracy for non-school going children and adults.

10. The National Institute for the Disabled (NID) and the Deaf Education Centre provide education for children with visual and hearing impairments. The Resource Rentre in Thimphu provides learning opportunity for children with mental and physical mobility impairments.

The Structure of Bhutan's Education System

School Type	Day care centres			Primary School											Tertiary level				
				Lower Secondary School															
				Middle Secondary School															
				Higher Secondary School															
														Voc.TI					
Age	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Class				PP	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV

Note: At the primary education level a school is either called a primary school or a community primary school. Both schools offer, in principle, seven years of education, from PP to VI. However, some schools offer less grades, especially in the remote areas or if a school has just started.
At the secondary level the classification of a school depends on the final class that is taught. Schools that have Class VIII as their final class are called Lower Secondary while schools that have Class X or XII as their terminal classes are called Middle and Higher Secondary Schools, respectively.
At each level the age range may be extended to include over-age children.

11. Bhutan's development philosophy and long term development objective is Gross National Happiness. Bhutan's vision statement, Bhutan 2020: A Vision for Peace, Prosperity and Happiness, provides a framework for development with time-bound targets set for the education priority area linked to the five year planning cycle.

Bhutan 2020 Vision Targets for the Education Sector

Priority Area: Education	**Target**	**Progress at 2008**
Achieve universal primary school enrolment 2002	(End 8th Plan)	Not yet achieved
Achieve full enrolment at Junior High School (Class 8) 2007	(End 9th Plan)	Not yet achieved
Achieve full enrolment at High School (Classes 10 and 12) 2012	(End 10th Plan)	Not yet achieved
Achieve full Bhutanisation of secondary school curricula 2007	(End 9th Plan)	Achieved
Introduction of distance education programme 2007	(End 9th Plan)	Achieved
Achieve full adult literacy 2017	(End 11th Plan)	Not yet achieved

Source: Bhutan 2020: A Vision for Peace, Prosperity and Happiness, 1999 p.56
Note: Progress at 2008 is additional information from MOE PPD for the purpose of this appraisal report.

While steady progress has been made towards the achievement of the education sector targets set out in Bhutan 2020, achievement of Universal Primary Education is anticipated to be within reach in the 10FYP given sufficient resource allocation, with achievement of subsequent targets at Class VIII and X following consecutively.

12. The Education Sector Strategy: Realising Vision 2020 Policy and Strategy (2003) provides a road map for achieving the national EFA goals and other critical education objectives articulated in the country's Bhutan 2020 Vision statement. The Education Sector Strategy (2003) was formulated by a range of government and development partner stakeholders. It provides a strategic framework for development of five year education plans starting from the 9FYP, to address the challenges of meeting the MDG and EFA targets. The main and on-going issues to be addressed are the **limited economic and human resources**, **increased enrolment at all levels** and **the need to maintain and improve quality and relevance**.

13. The 10FYP education strategy focuses on **enhancement of education quality** at all levels towards the overall 10FYP strategy of **poverty eradication**, with the goal of reducing poverty from 31.7% to 20% by the end of the plan. Programme activities are planned towards:

    - the improvement of curricula and teaching methodologies
    - enhancing teaching and learning resources including the use of appropriate classroom technology
    - strengthening education management systems
    - promoting library, art and cultural learning
    - reducing class size to an optimal teacher pupil ratio
    - providing relevant life skills and vocational training
    - encouraging physical education, games and sports, and
    - promoting an interest in reading.

    In addition measures are to be taken to strengthen the teacher workforce, improve their professional qualifications and competence and provide appropriate incentives.

14. Relevant benchmarks need to be developed to allow for periodic monitoring and assessment of quality at all levels.

15. Implementation of the education strategy involves strategic planning, coordination and results-based monitoring and evaluation between a number of government offices. Each office has responsibility for 10FYP financial planning and budgeting and results-based reporting for the sector.

    The **Ministry of Education** (MoE) is responsible for planning and management of education services for schools including in-service teacher training, contracting of teachers, management of overseas training and maintenance of the Education Management Information System.

    The **Royal University of Bhutan** (RUB) is responsible for in-country higher education including pre-service teacher training and post graduate professional courses.

    Dratshang Lhentshog has responsibility for children studying in monastic schools.

    The **National Commission for Women and Children** (NCWC) has responsibility for child protection and has established a Child Protection Unit.

    The **Gross National Happiness Commission** (GNHC) is responsible for coordination and monitoring of the 10FYP, monitoring of progress towards the achievement of the MDGs and national development objectives, and aid coordination.

    The **Ministry of Finance** (MoF) is responsible for management of budget support and development credit.

    Geog Committees (GYT) are involved in the decentralised process of planning for the construction of community primary schools with the **Dzongkhag Development Committee** (DYT). Implementation is decentralised to DYT level, following completion of the central level planning and budgeting process.

16. The programmes, goals and targets from the 10FYP which have a direct contribution to the achievement of MDG Goal 2: Universal Primary Education and Bhutan's MDG+ goal of Universal Basic Education are summarised in Table A, including primary and

secondary education sector programmes, teacher training programmes, child protection programmes, monitoring systems and poverty reduction programmes.

Table A Summary of Selected 10FYP Activities, Targets and Funding Estimates which contribute towards MDG 2 - Achieve Universal Primary (and Basic) Education

Description of Project/Activities	Budget (Nu. M)	Budget (USD M)
MoE/01 Primary Education Services		
1. Infrastructure Development	2277.34	47.635
2. Curriculum reform and implementation	320.95	6.713
3. Inclusive Education and Child-friendly school services	13.85	0.290
4. Teacher Development programme	309.00	6.463
5. Teaching-Learning Support	80.30	1.680
6. Support programme for enhancement of enrolment in primary schools	2.00	0.042
MoE/02 Secondary Education Services		
1. Infrastructure development	4,724.81	98.829
2. Curriculum reform and implementation	261.70	5.474
3. Teaching-Learning support	159.74	3.341
4. Support Programme for enhancement of enrolment in secondary schools	133.12	2.784
RUB/01 Expansion of Tertiary Education: Teacher Training		
3. Increase intake in Samtse College of Education from 814 in 2007 to 1,180 in 2013.	110.80	2.318
Increase intake in Paro College of Education from 726 in 2007 to 1,316 in 2013.	44.62	0.933
RUB/02 Quality Assurance and Teaching-Learning		
4. Enhancement of quality and relevance of education at SCE	45.50	0.952
5. Enhancement of quality and relevance of education at PCE	34.67	0.725
RUB/03 Capacity Development of Faculty and Staff		
4. Enhancement of research, scholarly activity and consultancy services at SCE	1.50	0.031
5. Enhancement of research, scholarly activity and consultancy services at PCE	11.00	0.230
NCWC/01: Strengthening the Advancement of Women and Children		
7. Change Socio-cultural perceptions of gender roles and relations (survey)	1.20	0.025
9. Children in monastic institutions have access to protective services	4.60	0.096
GNHC/01: Strengthening Planning, Monitoring and Evaluation System		
1. Operationalisation of National Monitoring and Evaluation System	20.00	0.418
2. Institutional Strengthening for Result Based Planning and Impact Assessment	30.00	0.628
GNHC/02: Targeted Poverty Reduction Programme		
Targeted Poverty Reduction	200.00	4.183

Source: 10th Five Year Plan (GNHC, 2009)

17. Table A indicates the multi-sectoral nature of the education sector development plans and the strategies of key government offices in contributing to the overall achievement of MDG Goal 2 and EFA. The main implications are (i) that the budget targeted towards activities related to the achievement of EFA and MDG Goal 2 is disbursed across the

MoE, RUB, NCWC and GNHC and (ii) the results-based monitoring of activities is similarly distributed across the respective offices.

18. Infrastructure development will meet the additional demand for classroom construction and will have a partial impact on reducing class sizes, need-based teacher deployment being the other key factor. Effective implementation of the revised curriculum will contribute to quality improvement in learning outcomes. Activities targeted to inclusive education should enable the achievement of UPE within the plan period. A range of HRD training programmes planned for the period will contribute to capacity development in targeted professional skills areas. The improved Results-Based planning and monitoring procedures to be introduced during the 10FYP period will also ensure more efficient and effective utilisation of resources.

Overview of Bhutan's MDG and EFA Targets

19. At the Millennium Summit 2000 Bhutan pledged to achieve tangible and quantifiable progress in key development areas by 2015, as defined by the MDGs. The specific education goals and targets for Bhutan are:

MDG Goal 2: *Achieve Universal Primary Education by 2015*

Target 3: *Ensure by 2015 children everywhere, boys and girls alike, will be able to complete a full course of primary schooling*

MDG Goal 2, Target 3 is measured by the following progress indicators:

- Gross Primary Enrolment Ratios (%)
- Proportion of Pupils starting grade 1 who reach grade 5 (%)
- Proportion of pupils starting grade 1 who reach grade 7 (%)

The RGoB now refers to the attainment of "MDGs+", setting the target of achievement of 90% Basic Education net enrolment to Class X by 2013. Progress towards these targets is summarised in Table B.

Table B Overview of Bhutan's Progress on MDG Goal 2, Target 3.

Goal 2. ACHIEVE UNIVERSAL PRIMARY EDUCATION						
Target 3: Ensure by 2015 children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	**1990**	**2000**	**2004**	**2008[12]**	**2015**	**Progress**
Gross Primary Enrolment Ratio (%)	55 %	72 %	84 %	112%	100 %	Achieved
Proportion of Pupils starting grade 1 who reach grade 5 (%)	73 %	91 %	94 %	92.4% (2006)	100 %	On track
Proportion of pupils starting grade 1 who reach grade 7 (%)	35 %	81 %	86 %	85.4% (2006)	100 %	On track
Proportion of pupils starting grade 1 who reach completion of grade 10	-	-	77.5%	75.7% (2006)	100%	On track

Source: Bhutan Millennium Development Goals Needs Assessment and Costing Report (2006-2015) 2007 p.7
General Statistics 2008 (MoE)

An additional indicator for Universal Basic Education (UBE) to Class X has been added, in Table B, to the original MDG Assessment and Costing Target 3 Indicator Table. The corresponding statistics have also been added from the MoE General Statistics 2008 to indicate the progress to date.

20. Bhutan's EFA national objective is "To provide learning to every citizen in the country to ensure that they acquire basic learning competency" (MoE EFA presentation Oct 2005). The basic competencies to be achieved by all citizens are defined, including basic numeracy and literacy. Life skills competencies are described as basic knowledge of the country, culture and traditions, basic knowledge and practical application of the country's customs and laws, and basic knowledge in agriculture, health, sanitation, nutrition and values of environmental conservation.

21. Table C represents the estimated total resource needs of Nu 27.6 billion (ca USD 658.1 million) for achievement of the education sector MDG Goal 2, presented in the Bhutan Millennium Development Goals Needs Assessment ad Costing Report (2006-2015). Around 90% of these investments are intended for recurrent expenditures and the rest for capital investments. The education interventions and activities account for the largest outlay with 24.4% of the entire estimated MDG resource needs.

22. As discussed in more detail in the following section, the MDG costing exercise provided the MoE and DP's with an initial indication of the projected increase in resources needed to meet the planned interventions for achievement of the education sector MDG of UPE. This projection model has been superseded by the planning and costing undertaken for the 10FYP

Priority Areas to be Appraised

23. Based on the education sector programmes outlined above (Table A), the priority areas to be addressed in this FTI Appraisal of Bhutan's Education Sector Strategy towards the initial achievement of Universal Primary Education and the subsequent achievement of Universal Basic Education are:

Priority Area 1. **Access** through infrastructure development (MoE)
- school construction: expansion and consolidation

Access through additional incentives for children in remote communities and children with special needs, including stipends and budget to cover boarding costs.

Priority Area 2. **Quality** through:
- child friendly schools
- curriculum development, curriculum support and teaching learning resources (MoE)
- teacher professional development (RUB and MoE)

Priority Area 3. **Equity** through:
- implementation of the Gender Action Plan (NCWC)
- implementation of the Poverty Reduction Programme (GNHC)
- Inclusive Education (MoE)

Priority Area 4. **Human Resource Development**
- in-country HR capacity development (RUB and MoE)
- ex-country education sector HR capacity development (MoE)

Priority Area 5. **Education Planning, Monitoring and Evaluation**
- Education Management Information System (MoE)
- National Monitoring and Evaluation System (NMES) and Results-Based planning and reporting (GNHC/MoE)
- Development of QA system for education sector

Table C **Financial estimates for MDG Education Sector interventions.**
[Source: Bhutan Millennium Development Goals Needs Assessment and Costing Report (2006-2015) 2007 p.29]

Table 3.2 Total Resource Needs Estimates for Education Interventions (Nu. Million)

Interventions	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total	%
Primary Education	1,134.654	1,214.146	1,318.348	1,395.090	1,498.580	1,607.936	1,730.138	1,863.470	2,009.458	2,057.813	15,829.631	57.4
Capital	93.412	86.106	96.248	86.656	97.290	106.618	120.884	137.525	157.084	180.323	1,162.145	4.2
Recurrent	1,041.242	1,128.040	1,222.100	1,308.433	1,401.290	1,501.317	1,609.254	1,725.946	1,852.375	1,877.489	14,667.486	53.1
Secondary Education	468.526	679.961	616.262	704.676	804.820	918.525	1,048.206	1,197.406	1,372.576	1,604.888	9,415.845	34.1
Capital	179.266	205.818	71.625	80.396	90.581	102.658	117.454	136.573	163.928	225.322	1,373.623	5.0
Recurrent	289.261	474.142	544.637	624.280	714.239	815.866	930.752	1,060.833	1,208.647	1,379.565	8,042.222	29.1
Adult Literacy	170.143	174.957	179.868	184.877	189.986	195.198	200.513	205.933	211.461	217.098	1,930.032	7.0
Capital	1.540	1.540	1.540	1.540	1.540	1.540	1.540	1.540	1.540	1.540	15.400	0.1
Recurrent	168.603	173.417	178.328	183.337	188.446	193.658	198.973	204.393	209.921	215.558	1,914.632	6.9
Special Education	26.318	29.671	33.058	36.479	39.935	43.426	46.951	50.511	54.107	64.362	424.819	1.5
Capital	23.051	23.484	23.921	24.364	24.811	25.264	25.721	26.183	26.650	32.642	256.091	0.9
Recurrent	3.267	6.187	9.137	12.116	15.124	18.162	21.230	24.328	27.457	31.720	168.728	0.6
Total	1,799.640	2,098.735	2,147.535	2,321.122	2,533.321	2,765.083	3,025.808	3,317.320	3,647.602	3,944.161	27,600.328	100.0
Capital	297.268	316.948	193.334	192.956	214.222	236.080	265.599	301.820	349.202	439.828	2,807.259	10.2%
Recurrent	1,502.372	1,781.786	1,954.201	2,128.166	2,319.099	2,529.003	2,760.209	3,015.500	3,298.400	3,504.333	24,793.069	89.8%

PART 1 Key Issues and Recommendations

1A. Estimated Volume of External Resources

24. In this section an appraisal is made of the external resource requirement for implementation of the Education Sector Plan over the next three years, 2009/10, 2010/11 and 2011/12. An overview of the current external resource capacity is presented, followed by analysis of three scenarios simulated in Table 3B (p.56). Scenario A (Base Case) identifies the key problems including funding constraints which undermine the plan's potential for success, Scenario B (Middle Case) indicates outstanding issues remaining to be addressed and Scenario C (High Case) simulates an excellent strategy and implementation plan. Recommendations can be made from these scenarios on the nature of external support required, the choice of lending instruments and the absorptive capacity constraints for service delivery.

25. Table 4B provides an indicative projection of the external funding commitments matched against programmes/project activities and priority areas of the education sector for the 10FYP period.

Overview of External Resource Capacity for the 10th Five Year Plan Period

26. An extensive MDG Needs Assessment and Costing 2006-2015 (2007) study was carried out and formed the basis for the development of the 10FYP 2008-13. The cost estimates of the 10FYP are used in this report as representative of the education expenditure aligned to Bhutan education sector plans.

27. The rapid pace of economic growth and the sustained levels of development assistance have allowed RGoB to continually increase investments into the social sector. Today, Bhutan ranks among countries with a very high share of public expenditure devoted to sustaining and improving social sectors. During the 9FYP more than 16% of funding was earmarked for the education sector, 60% of which was invested in primary education. As a result of these sustained investments into the social sectors, the country's HDI has grown from 0.427 in 1991 to 0.579 in 2005 (UNDP HDR 2007/08), reflecting widespread improvement on virtually all socio-economic indicators. The country has also moved up into the ranks of the medium development countries and is on-track to achieve many of the international development targets, including MDG2 (see Table B in previous section).

28. Bhutan has made investment in social services a key policy issue, in pursuance of its goal of poverty eradication. In this effort, Bhutan has been supported by its development partners in establishing the necessary national institutions and developing the professional capacity to provide efficient and effective services. Bhutan has been progressively increasing the volume of the recurrent budget, with a ceiling of 5% per annum in keeping with the fiscal policy of meeting such expenditures from domestic resources. This lays a solid foundation for public funding as the country begins to reap the benefits from its considerable investments in hydro-electric power development. However, the benefits of this will not accrue immediately as repayments will be high in the early years.

29. The fixed ceiling of 5% on annual increases to the recurrent budget has implications as the MoE has to absorb increases in staffing levels associated with expanded school enrolments. The ceiling may also restrict the scope of the MoE to increase teacher remuneration. An RCSC national pay review was conductedand came into effect on 1st

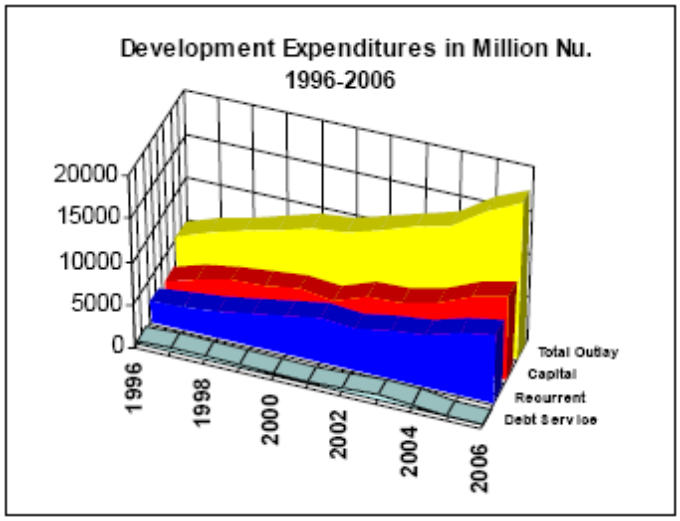
January 2009. The civil service pay revision awarded a 35% increase to all civil servants and an additional 10-20% teachning allowance depending on length of service and teaching grade. The starting salary for a new teacher is 14,458 Nu per month. Non-national teachers receive additional allowances including a scarcity allowance for physics and mathematics teachers.

30. Bhutan has received considerable external support over the past four decades, principally from the Government of India, but also from multilateral and bilateral agencies. Bhutan has always been selective in its choice of development partners, working with those who respect the country's unique social, cultural and political traditions. Aid is coordinated by the Gross National Happiness Commission. Dialogue between government and its development partners is characterized by mutual respect, openness and a focus on substantive issues.

31. Over the last four decades of Bhutan's development, its reliance on aid has decreased steadily. From its growing domestic revenues, Bhutan has been increasingly able to pay for larger portions of its development expenditures, as reflected in both the declining share of ODA to GDP and the share of domestically-financed budget expenditure. In the 1980s, ODA comprised approximately half of GDP. This has come down to approximately 19% of GDP over the last ten years. While RGoB was only able to finance between 20-30% of the total outlay under earlier five-year development plans, it has financed around half of the 9FYP. This is accentuated by the fact that development outlays have increased significantly over successive plan periods.



32. Some donors have suggested they may either decrease or terminate their support for Bhutan's development programmes at the end of the 10FYP. The MDG Needs Assessment and Costings Report states: 'While many development partners have made commitments to maintain ODA up to 2013, the final year of the 10FYP, there are indications that several of them are likely to withdraw or reduce development funding for the country thereafter. This could potentially affect aid inflows for the culmination years leading up to 2015 with the resource gap widening in the years leading up to 2015. This is furthermore important for the resource projections for the MDG interventions as more than a third or 36 % of the total projected costs will be required in the final three years leading up to 2015'. The MoE will also need to develop a sustainability strategy and action plan in response to the likely future reduction in ODA.



33. The GNHC is aligning the 10FYP planned external and domestic resources with the overall MDG costings, acknowledging that estimated MDG costs are not full costs to government. Given the remote and landlocked nature of Bhutan, and its sparsely dispersed population, development costs will continue to be high and 'economies of scale' not easy to achieve. On the provision of education the new Constitution states that "*the state will provide free education to all children of school-going age up to tenth standard*", thus placing additional responsibility on the part of government to respond. Provision of access to quality education for those children who are hardest to reach will generally incur a higher than average unit cost. This underscores, in part, RGoB's decision to seek FTI endorsement.

34. The budget for the 10FYP was delayed. It was initially developed under the 'old' political dispensation. With a new democratic system coming into existence, the approval was delayed from September 2008 to allow for submission to the new parliament in November 2008, so as to strengthen its legitimacy, and to enable the new government to make policy decisions on issues of national importance.

35. In the 10FYP, RGoB states that the preferred main modality for aid is through budget support[1]. However, the RGoB welcomes other forms of aid, provided that only approved government programmes and government implementation structures are supported.

36. The country's macro-economic performance has been adjudged by the ADB, IMF and the World Bank to be good, and its medium-term outlook favourable (Tenth Round Table Meeting Report, Feb 2008). The World Bank, according to its Country Policy and Institutional Assessment (CPIA), rated the country's macro-economic performance to be the best in the region in 2005 (score of 5.2) and assessed its policies and institutions to be among the top three in the region (score of 3.8).

37. Over the last two decades, economic growth has averaged over 7% per annum. This growth has been highly capital intensive and fuelled primarily by the rapid expansion of the hydro-power and construction sectors. Development expenditures for the social sectors have, on average, comprised one-quarter of total expenditure since 1990, and have been rising consistently. Over the last five years social sector expenditures have expanded to constitute around 27% of total expenditure, and in 2006/2007, according to MoF's 2006-2007 Annual Financial Statements, accounted for 31% of the development budget or 13% of the GDP. Education services comprised 20% of the expenditure or 8% of the GDP. During the same period general public services accounted for another 28 % of total expenditure while economic services comprising agriculture, mining, manufacturing and industries, transport and communications, energy and other economic services was 33% (or 14% of GDP). The remainder comprised religion and culture (3%) and housing and amenities (5%).

38. As a result of the sustained strong growth in development expenditure, both capital and recurrent, and the repayment of internal debts, the fiscal deficit has been growing since 2000. On average, the fiscal deficit has constituted over 6.5% of GDP between 2002 and 2006, and has been financed through a mix of domestic and external borrowing. This rising trend of growing fiscal deficit may be compared to the relatively lower fiscal deficit levels of 1% of GDP between 1995 and 2000.

[1] See Annex 1 for clarification on funding modality terminology.

Modelling of Priority Areas and External Resourcing

39. The three scenarios modelled in Table 3B (p.56) are now considered in relation to the priority areas for development (para 23), identified from the 10FYP and the extent to which these are achievable given the current human resource and funding capacity. The funding gap is discussed in Part 2C against the projected 10FYP budget and anticipated commitments from DPs. There are clear funding gap implications corresponding to the indicative funding requirement of the three scenarios. Assuming a successful application for FTI CF, the overall capacity gap will need to be mapped in the process of developing the CF proposal and subsequently monitored by the FTI CF focal point and trustees.

Scenario A - Base Case for External Resourcing

40. The base case scenario identifies the key problems which undermine the potential for success of the education sector 10FYP. These problems may require longer term solutions for example the training of specialist teachers for children with learning disabilities and human resource capacity development within specialised divisions of the MoE. The problems may be identified as factors requiring action at a higher policy level such as the development of a national Quality Assurance system and the enactment of an Education Law. Competition from other sectors eg. roads and construction and competition from other education sub-sectors such as expansion at tertiary level with relatively higher unit costs per student will also act against the achievement of MDG and EFA goals in Basic Education.

Scenario B - Middle Case for External Resourcing

41. The middle case scenario indicates the outstanding issues remaining to be addressed by the MoE which act as constraints to the implementation of the High Case scenario. Where additional external resourcing requirements are not available to implement the strategies needed to achieve the MDG and EFA goals development will be, at best, a continuation of the current trend. At worst the resourcing gap will widen in the short to medium term as overall costs increase with increased enrolments. In this case strategies and additional sources of external resourcing may be identified which can reduce or eliminate the identified constraints.

Scenario C - High Case for External Resourcing

42. The high case scenario simulates an excellent strategy and implementation plan which produces improvements across all priority areas over the initial three year plan period (2009-2012), with clear projections that show the achievement of the MDG indicators for Basic Education by 2015.

43. The priority areas which may be identified as requiring targeted external resources for each of the three scenarios are mapped against the identified strategies in Table D. These examples provide a platform and starting point for analysis of external resource requirements drawn from this appraisal process. They will require further detailed scrutiny and development by all key stakeholders before they could be taken forward towards the formulation of an FTI proposal.

Table D Outline of the Strategies and External Resourcing Implications against the Three Scenarios

Strategy for Base Case Scenario A	**Scenario A: Priority Areas for External Resourcing**
The key problems which may prevent the MoE from achieving the MDG and EFA targets in the present timeframe can be identified as: ▪ The country's limited economic and human resource capacity across all sectors ▪ The pressures from increased school enrolment at all levels ▪ The material resource capacity and technical resource capacity of the system to improve quality and standards in the short term. Quality improvement cannot be enforced by regulations and directives but requires time for systemic and pedagogical adjustments to be made	▪ Continuation of the school construction programme within the available funding limitation ▪ Continuation of quality improvement through low cost school improvement planning targeted to provide greatest assistance to schools with greatest need. ▪ Implement strategies to target the most vulnerable children and expand the inclusiveness programme to the extent possible within the resource limitations ▪ Prioritise HR resources and QA systems development to respond to the results based planning process to ensure delivery ▪ Continue to develop the management information systems refined and targeted to produce robust information for planning purposes and to compromise on scope.
Strategy for Middle Case Scenario B	**Scenario B: Priority Areas for External Resourcing**
▪ Identify the constraints which prevent un-enrolled children enrolling in school and the main factors which cause enrolled children to repeat grades or dropout before completion of Basic Education. Include mapping to identify the main target areas for most efficient deployment of limited resources ▪ Develop and implement effective model(s) for teacher professional development to further improve the implementation of the new curriculum and child friendly practices ▪ Identify and overcome the constraints which prevent achievement of equitable access to quality education eg though activating community level participation in school management ▪ Implement an HRD plan which aims to maximise the impact of available resources eg. evaluation of the most cost effective and time effective	Identify and address the capacity constraints at each level in the system, specifically: ▪ prioritise and target the classroom expansion programme to maximise enrolment and retention of the most vulnerable and hardest to reach children ▪ effective implementation of the new curriculum through school based support to teachers and integration of the new curriculum into pre-service teacher training ▪ strengthen particular aspects of the decentralisation process to encourage local community participation in school management ▪ strengthen the capacity of the MoE HRD to improve teacher recruitment, teacher deployment, QA systems and teacher professional development within the current and projected funding limitations ▪ consolidate management information

capacity building activities, and review of staffing against RCSC Position Classification for best utilisation of existing skills and experience.	systems to ensure that they can be utilised effectively to produce the desired planning and evaluation results
Strategy for High Case Scenario C	**Scenario C: Priority Areas for External Resourcing**
▪ Achieve near 100% enrolment in Primary Class PP within 2009[2] ▪ Accelerate of the present trend in primary school completion by further reducing repetition and dropout rates at primary school level to < 1% ▪ Maximise the transition of all children from Class VI to Class VII ▪ Expand the private school sector ▪ Ensure that quality standards are improved and maintained in all schools and at all levels in the education sector ▪ Monitor the implementation of activities targeted to achieve equitable access to quality learning opportunities for all children.	▪ Expansion of school classrooms matched to accurate school mapping based on demographic analysis and compensatory measures to smooth out the greatest disparities in access. ▪ Quality improvements in child friendly school environment and child friendly approach to teaching and learning at primary school level ▪ Gender Action Plan and Poverty Reduction Programme fully implemented ▪ Human resource capacity needs are addressed at all levels in the system through (i) work related professional development and (ii) improved and more efficient staff deployment in schools and in MoE offices. ▪ Implement an improved QA system against defined standards and robust procedures for effective monitoring and evaluation

Recommendations : Volume of External Resources

44. The nature of external support required may be summarised from the above Table D, as corresponding to the 10FYP Priority Areas for the education sector (para 23):

Priority Area 1. Access	School and classroom construction Student stipends and boarding school costs
Priority Area 2. Quality	Classroom and curriculum resources Teacher professional development
Priority Area 3. Equity	Human and physical resource capacity to expand inclusive education opportunity to eliminate disparities
Priority Area 4. Human Resource Development	Training opportunity to improve the human resource capacity of the Education Sector at

[2] 100% enrolment in Class PP in 2009 with very low dropout and repetition would enable achievement of near 100% completion of Basic Education to Class X by 2019.

	all levels
Priority Area 5. Education Planning, Monitoring & Evaluation	Support to implement EMIS, NMES and QA at all levels according to need

The DP funding commitments will need to be mapped against the priority areas and corresponding activities identified in the annual education sector plans. An initial and indicative mapping has been included in Table 4B based on information available to date. The process of mapping, monitoring and updating the DP commitments and the progress in relation to targeted CF priority areas will be an on-going task of the DP FTI CF focal point in collaboration with MoE FTI focal point, GNHC and MoF.

45. The choice of **funding instruments** is agreed by consensus with all stakeholders and will be in line with existing government approaches in order to safeguard against dual systems and additional burden on the system. Consensus among DPs will be essential in fulfilling the commitment to the Paris Declaration towards realisation of aid effectiveness through harmonisation and alignment of approaches. This approach will also ensure institutionalisation of the procedures into established RGoB mechanisms.

The choice of funding modality must ensure that the CF is ring-fenced for education.

The MoE and DPs preferred option for funding modality is a sector budget support programme approach[1], which is understood to also be the preferred option of the FTI Secretariat. It is understood that the application of the sector budget support modality will enable the acceleration of activities to meet the MDG and EFA goals and that the FTI CF funds will not be earmarked to specific projectised activities. The FTI CF monitoring process will consequently appraise all education sector activities using the MoE results-based approach.

For a 3-year CF grant the funds would be disbursed in two or three tranches to be aligned with the budget cycles. Fiduciary responsibility for the CF will sit with the MoE and the DPs as joint trustees of the fund.

1B. The Monitoring Process

46. Monitoring of progress towards achievement of the MDGs and other national objectives is being addressed in a holistic manner through the National Monitoring and Evaluation System (NMES). All sectors will use the same results-based planning framework. The structure of the NMES will be linked to the budget preparation structure so that it will be easier to identify the degree to which funds relate to outputs and, in turn, to the achievement of priority national objectives. The results-based approach incorporated within the 10FYP planning and budgeting framework and specifically the medium-term fiscal framework should help increase the efficiency and rationalization of resource allocations and plan expenditures.

47. In the 10FYP two objectives are included with a specific focus on the need to further improve the monitoring process in the education sector:

- Strengthen and improve the education management system at all levels, with particular emphasis on school level management;
- Review and reform monitoring and professional support services system making it more efficient and effective;

The strategies identified to achieve these objectives are:

- Enhance management systems with emphasis on monitoring quality of education through provision of adequate personnel, training and IT facilities;
- Review and harmonize present EMSSD, resource centres and school clusters and role of DEOs to ensure greater monitoring and professional support;

48. Education monitoring is being strengthened by the development of the EMIS system which will be highly decentralized, in order that data must not only be gathered and analyzed but it also must be used by schools themselves for planning and monitoring.

49. Gender equality: The National Commission for Women and Children (NCWC) was established in 2004 and is proving to be effective in monitoring and promoting gender equality and children's rights. The NCWC has developed a comprehensive and detailed National Plan of Action for Gender 2007-2013 (NPAG), covering the 10FYP period. This is the first of its kind in Bhutan and represents a major contribution for promoting a stronger gender focus in the 10FYP, providing effective tools and an institutional focus for monitoring of progress towards the agreed targets.

Recommendations : The Monitoring Process

50. The process of monitoring service delivery will need to be considered in the FTI CF proposal to ensure that the funding is effectively utilised with maximum impact. The FTI CF monitoring system will need to be fully compliant with the RGoB Results-Based approach and NMES to ensure that the funding places no additional burden on the system and to the extent possible serves to strengthen in-country capacity to implement the Results-Based NMES procedures.

51. As the NMES system is not yet fully functional it is proposed that a safeguard is in place to ensure that the FTI CF can be adequately monitored. The detail will be elaborated in the CF proposal and agreed with all DPs. The simplest alternative would be to follow the EPDF procedures or other similar system that is already functioning in Bhutan.

52. The expected monitoring arrangements will depend on the funding modality chosen (ref: para 45). Assuming the preferred sector budget support programmatic approach is taken, it is proposed that joint supervision missions are undertaken by DPs and MoE as part of joint sector reviews involving the Technical Working Group for education.

53. Reporting: For a 3-year CF grant the funds would be disbursed in two or three tranches, preferably aligned with the budget cycles. Progress reports will be a requirement for the disbursement of each tranche, with submission of a completion report at the end of the period.

54. An MOU will be prepared by the DPs and the government to formalize the FTI CF monitoring and evaluation process, to be included in the CF proposal preparation.

1C. Critical Knowledge or Data Gaps

55. The National Commission for Women and Children (NCWC), in collaboration with UNICEF, has published a comprehensive Situation Analysis of Children and Women in Bhutan (2009). The periodic reporting on Bhutan's commitment to upholding the Convention on the Rights of the Child (CRC) in the State of the World's Children Report provides a good data base and analysis from which critical knowledge gaps can be identified. A critical knowledge gap in the education sector relates to the reasons for the estimated 10% of children who do not go to school. The NCWC's Situation Analysis has initiated a study on this topic, and a possible extension of the EMIS in the future

through which to cover parental attitudes might give more insights into the system and determinants for some children remaining out of school.

56. Further information on knowledge gaps may also be required focused on the situation of children studying in monastic schools and other learners outside mainstream education in order to identify specific aspects of their learning and living conditions that might be improved.

57. Follow up from the results of the recently conducted quality surveys (eg. World Bank, REC) may be useful in providing more in-depth study of specific issues. For example:

- Learning opportunity and learner performance for over age children.
- Longitudinal study of student and teacher performance including analysis of the range and impact of classroom processes.
- Analysis of what teachers need to know in order to be effective professionals and how they can best be supported to achieve this level of professionalism. This study includes or may be linked to analysis of processes of teacher recruitment and teacher incentives.

58. There are several data systems currently functioning across all government offices including the GNHC and MoF MIS systems and the EMIS system which functions within the MoE. Each system operates its own independent method of data collection, analysis and reporting.

Recommendations : Critical Knowledge or Data Gaps

59. It will be necessary to establish a system for retrieval of information on critical knowledge gaps. For example, information is needed which accurately identifies the population of out-of-school children and the related circumstantial information on which to develop strategies to provide access to quality education for those children. There may be information in surveys and reports which is not readily accessible at present. A databank of information sources and key facts and figures could be developed from the various documents already available. The databank or similar effort to retrieve critical information will provide a comprehensive focus for inclusion of all children. It should also seek specific information needed to understand disparities through which to address equity in education provision.

60. The datasets relating to education sector planning and budgeting which are currently available from the MoE EMIS, the GNHC, the NSB and the MoF are in some respects incompatible. A consistent and integrated system of data collection and categorisation would strengthen the cross-sectoral planning, monitoring and reporting processes. For example, the MoF budget information for the education sector is disaggregated by headquarters and districts whereas the MDG costing exercise disaggregated by primary education and secondary education sub-sectors, and the education sector plan is disaggregated by activities planned under each division. The resulting datasets are consequently non-comparable. It is hoped that this issue will be addressed in the current development of NMES.

1D. Human Resource Capacity Development Issues

61. RGoB has embarked on several promising interventions to improve the **human resource capacity**, efficiency, and transparency of government. These include:

- The Position Classification System (RCSC 2006) stipulating the required qualifications for the various positions within the civil service.
- The carrying out of an Organisational Development Review exercise in 2007.
- The development of Human Resource Master Plans for education and health sectors

These initiatives provide real opportunity to define performance criteria of teachers and officers and to link the performance criteria to incentives and merit-based promotion. These procedures can contribute fundamentally to improvement in quality throughout the education sector.

62. The RCSC has stated that financing for HRD will be 25% above that under the 9FYP

63. With the exception of the Education Sector, service delivery is being strengthened through a very comprehensive decentralisation programme, where more that 60% of national revenue is channelled directly to districts, with 40% to geog levels. There are a number of programmes in operation that are specifically directed towards strengthening human resource capacities at these levels. In the Education Sector planning and budgeting is managed centrally while implementation is managed at Dzongkhag level. The rationale for this is that MoE has the largest investment budget for school construction and this has to be managed centrally to ensure equitable distribution. The distribution of infrastructure investment in the education sector budget also has to accommodate targeted donor funding and allocation of budget support.

64. The 10FYP acknowledges the need to strengthen capacity at all levels of government, including institutional and human resource capacity. An Integrated Human Development Plan has been prepared as a framework for all capacity related activities. Unless this critical aspect of development is addressed the plans will be difficult to achieve or will not be sustained.

65. In the education sector the limited resources have been stretched to meet the MDG and EFA targets and the capacity of the system has been severely tested. The particular characteristics of the country, with small, diverse and widely dispersed communities, is one aspect of the overall capacity constraint. Another aspect is the shortage of fully trained and experienced staff in all levels of management.

66. The individual and institutional capacity gaps need to be identified through a capacity analysis to identify the nature and level of capacity need. This is an ongoing process that needs to be included in the planning process. A preliminary capacity needs analysis was undertaken through self-reporting from the MoE as part of the MDG Progress Report 2005 (below).

MDG MONITORING AND EVALUATION CAPACITY*

GOALS/ TARGETS		ELEMENTS OF MONITORING & EVALUATION ENVIRONMENT					
		Data Gathering Capacities	Quality of Recent Information	Statistical Tracking Capacities	Statistical analytical capacities	Capacity to incorporate Statistical analysis into Policy	Monitoring and Evaluation Mecha-nisms
Achieve Universal Primary Education	T:3	Fair	Fair	Weak but Improving	Fair	Fair	Fair

67. Capacity development needs must be identified by the MoE and human resources strengthened as necessary at each level in the system to support the introduction of innovations in the planning and budgeting processes. For example, the MoF is providing human resource training programmes to support the implementation of Results-Based planning and budgeting systems for officers at central and district levels within MoF. However each sector line ministry is responsible for ensuring that their officers are trained in the management of the new systems. The task of providing training for PPD, sub-sector officers and district education officers is an important undertaking for the 10FYP. The MoE and DPs may wish to consider the relevance and feasibility of applying the recently developed "*Guidelines for Capacity Development in the Education Sector within the Education for All – Fast Track Initiative*" (FTI Feb 2008) to enable systematic and focused analysis of capacity development needs.

Recommendations : Human Resource Capacity Constraints

68. The absorptive capacity constraints for service delivery will need to be considered in the process of developing the FTI CF proposal to ensure that the funding is effectively utilised with maximum impact. Capacity constraints within the education sector are summarised in Table 4C.

Priority Area 1. Access through Infrastructure Development

School Construction: Technical skills development is needed at district level to strengthen the capacity of engineers. Technical skills development could also be used as a strategy to enhance youth employment opportunities in the districts. The MoE commitment to pay for the local labour costs of community school construction will require an increase in the budget. A school mapping exercise would provide invaluable information to strengthen the EMIS database for school construction demand and ultimately for deployment of teachers and distribution of instructional resources.

Student Stipend and Boarding Costs: An additional allowance is to be made available to meet the educational costs incurred by families living in remote communities and children with special needs. The additional allowance will promote access for as yet unreached children, through provision of stipends and boarding costs such as bedding, food, carers and remote allowance for teachers, school uniform and bus costs.

Priority Area 2. Quality through Curriculum and Teacher Development

Curriculum Development: The strengthening of district level in-service programmes and school-based teacher support will be essential for the successful implementation of current curriculum developments in Mathematics, English and Science. The capacity of teachers and central level assessment specialists will also benefit from professional development opportunities.

Priority Area 3. Equity to address issues of Gender, Poverty Reduction and Inclusive Education

Teacher Recruitment and Deployment: The two main issues to be addressed during the 10FYP are (i) to increase female enrolment in pre-service teacher training, and (ii) incentives to encourage an increase in deployment of teachers to remote schools and females to community schools.

Specialist Teachers: The requirement for training of specialist teachers, such as SEN teachers, is an additional cost which is met to some extent through the HR budget. The shortfall in specialist training budgets limits the scope for expansion of access towards

achievement of MDG and EFA targets.

Priority Area 4. Human Resource Development

School Management: One important aspect of school quality improvement is the capacity of head teachers and school management boards. Both aspects of school management can be enhanced through human resource capacity building at community level and through school management training programmes.

Priority Area 5. Education Planning, Monitoring and Evaluation

EMIS and NMES: The capacity of the system to effectively monitor education sector developments will be enhanced in the 10th plan period. Staff capacity at all levels in the education sector will need to be strengthened to effectively implement the results-based planning and monitoring NMES system, including budgeting and financial reporting.

Financial Management: The capacity of the MoE to improve its financial efficiency will depend on training provision in operationalising MYRB and results-based management.

Monitoring of Teacher and School Performance: Processes of teacher evaluation and school inspection would benefit from the development of a comprehensive decentralised Quality Assurance system.

Legal Framework: The development of the Education Law for Bhutan is a natural and necessary consequence, following the adoption of the new Constitution.

PART 2 The Appraisal Process

2A. The Main Documents Referenced in the Appraisal

69. Table 1 (p.50) provides an overview of the documents used in the Appraisal.

70. National planning began in Bhutan with the First Five-Year Development Plan in 1961. The first major comprehensive planning document 'Bhutan 2020 – Vision for Peace, Prosperity and Happiness' (2000), sets out the main development goals for the country. The Poverty Reduction Strategy Paper (PRSP 2004) and the Poverty Analysis Report (2007) analyse the cost of education and impact of education on literacy and enrolment.

71. Key national survey documents produced over the past decade include the National Population and Housing Census (2005), the Bhutan Living Standards Survey (2007), and Good Governance reports.

72. The 9FYP (2002-07) was a decisive turning point as it saw the introduction of decentralisation, planning for the new political dispensation and the preparation of Bhutan's first constitution. A sectoral review of the 9FYP was carried out by the MoE as part of the preparation of the 10FYP.

73. The education sector is grounded in the "Education Sector Strategy: Realising the Vision 2020", which was the MoE's response to the overall national policy. The MoE develops its own specific five-year plans, and bases annual planning on the data provided through the education management information system (EMIS) in the annual General Statistics report.

74. Development Partners (DPs) work in close collaboration with the government in the development of their own agency documents. Some documents are cross-sectoral including analysis of education sector development within the wider development framework, such as the UNDP 'Common Country Assessment (2006)', the WB 'Country Economic Update: Accelerating Growth and Poverty Reduction' Draft, September 2006 and the ADB Country Economic Review (2003). Other DP documents such as Denmark's Sector Programme Support Document: Social Sector 2008-2013, focus on the particular agency's sector strategy and action plan.

2B. Baseline Education Indicators

75. Bhutan has made steady progress in improving the quality of data collection and analysis. The MoE publishes its annual report (General Statistics) which presents a clear analysis of the EMIS data and also identifies the key policy issues that are raised in this appraisal report. Table 2 (p.50) provides an overview of the baseline education statistics. The annual MoE education statistics can be downloaded from www.education.gov.bt

76. The main education indicators Gross Primary Enrolment Ratio (GPER) and Net Primary Enrolment Ratio (NPER) are calculated based on the population projections for Bhutan for 2005-2030 published by the National Statistical Bureau in June 2008.

77. Around 59% of total enrolment in Basic Education is concentrated in the urban and semi-urban areas, while only 29.9% of schools are in these areas. This can be attributed to the scattered nature of the population settlements in the rural and remote areas and explains the relatively high cost of providing education services. It is also apparent from the MoE General Statistics 2008 that most of the CPS are in the remote areas while most secondary schools are in urban and less remote areas. About 50% of the government schools are Community Primary Schools showing the success of the CPS policy.

78. A general overview over the last 10 years for PP-X (General Statistics 2008, Table 4.3) shows that the repetition rate has gone down considerably. From 2006 onwards the Class X school leavers who do not continue onto class XI are no longer defined as drop-outs therefore the drop-out rate is lower after 2005.

79. Indicators of literacy levels (Bhutan Poverty Analysis Report 2007) show continuing significant disparities between poor and non-poor populations, between urban and rural populations and between male / female populations.

80. Detailed analysis of disparities in pupil -teacher ratio by school location and by school type is provided in the General Statistics 2008, Section 6.1.

2C. Long-Term Strategic Direction for Sector Development: Evaluation of Financial Needs

81. In this section the education sector 10FYP is evaluated in relation to the overall investment costs across the education sector, planned expenditure within primary education, and pressures from expansion in the post-primary school sector. Although primary education is the core focus of this appraisal some of the simulation results relate to post-primary education in order to help place the development of primary education in a sector-wide framework for achievement of Universal Basic Education to Class X. Table 3B provides a simulation of Bhutan's development scenario based on the model provided in the FTI guidelines. Table 3B shows the EFA FTI benchmarks, the base year position, the targets to be achieved under the three alternative scenarios described in Part 1A, and the corresponding costing implications for each scenario.

2C.1 Summary of Investment Costs across the Education Sector

82. The 10FYP budgets were approved by the National Assembly in November 2008. In this section, for the purposes of preparing this FTI Appraisal Report, it has been agreed through consultation between by the MoE and DPs, that the 10FYP data will be used as a fair approximation to the final 10FYP.

83. The 10FYP budget breakdown for the education sector provided by the MoF for the financial year 2008-09 (Table E) gives a breakdown of recurrent and capital costs by Headquarters and Dzongkhags,.

Table E Ministry of Education Budget for the Financial Year 2008-09 (Nu M)

	Recurrent	Capital	HRD	Total
Headquarters	202.494	606.650	244.812	1,053.956
Dzongkhags	1,805.282	491.742		2,297.024
TOTAL	**2,007.776**	**1,098.392**	**244.812**	**3,350.980**

Source: MoF Current Estimates Budget for MoE 2008-2009 (National Budget, 16/06/09)

84. Comparing the total, recurrent and capital cost totals in the MoF education budget for 2008-09 (Table E) with the projected total financial estimates for 2009 from the MDG costing exercise (Table C p.14), significant differences can be observed (Table F).

Table F MoF Education Sector Budget 2008-09 and MDG Projected Education Sector Cost Estimate 2009

	Recurrent	Capital	HRD	Total
MoF Education Sector Budget 2008/09	2,007.776	1,098.392	244.812	3,350.980
MDG Education Sector Projection 2009	2,128.166	192.956		2,321.122

85. The MoF total budget is 30.7% higher than the MDG cost estimate for 2009. It is assumed that this reflects the fact that the MDG projections are not representative of the total education budget. Furthermore there is a significant difference in the proportion of recurrent to capital costs. The MoF allocates 32.8% of the budget to capital costs whereas the MDG projection shows only 8.3% of the 2009 budget allocated to capital costs. It is unclear from the available data whether these differences are due to variation in apportioning of the budget to capital and recurrent costs or whether the variation is due to the elimination in the MDG estimates of capital cost items which are not considered to directly impact on the achievement of the MDGs. Further detailed analysis is needed to understand the variation in calculations between MoF and MDG figures.

86. For the purposes of this appraisal it is proposed that the MoE, MoF, GNHC and RUB budget figures are used as the baseline for calculation of funding gaps as these baseline figures will also be used for the purposes of monitoring in compliance with the RGoB 10FYP results-based approach.

Financing of Basic Education in Bhutan[3]

87. The MoE 10FYP budget (2009) is used in the following sections of the FTI appraisal report for the purpose of calculating the education sector funding gap. The parallel data from MoF Dzongkhag level recurrent budget for teacher salaries, the RUB 10FYP budget for teacher education and the GNHC 10FYP overall budget outlay is also used to provide indicative costs for education sector capital, HRD and recurrent costs.

The magnitude of the investment cost

88. The MoE 10FYP budget breakdown provides a summary of current and capital costs.

Table G Education Sector Budget - 10FYP Overall Outlay

Department / Agency	Recurrent (Nu M)	Capital (Nu M)	HRD (Nu M)	Proposed outlay (Nu M)	Proposed Outlay (USD M)	As a % of total outlay
MoE Secretariat	501.74	102.25	34.58	638.57	13.88	3.91%
MoE Dept of School Education						
- pay and allowances	287.38			287.38	6.25	1.762%
- other recurrent costs[4]	5,032.11	8,352.84	664.71	14,049.66	305.43	85.93%
MoE Dept of Adult and Higher Education	76.31	706.33	14.39	770.16	16.74	4.71%
MoE Department of Youth and Sport	202.82	327.70	46.45	576.97	12.54	3.53%
MoE TOTAL	**6,100.36**	**9,489.12**	**760.13**	**16,349.60**	**355.43**	**100%**
RUB Budget for Teacher Education	**162.30**	**274.33**	**96.37**	**533.00**	**11.59**	**17.56%**
Dzongkhag allocation to Teacher Salaries	**8,691.03**	**-**	**-**	**8,691.03**	**188.94**	**35.74%[5]**
TOTAL	**14,953.70**	**9,763.45**	**856.50**	**25,573.65**	**555.95**	

Source: MoE 10FYP Outlay by Dept (Proposed budget estimates, June 2009) & RUB 10FYP Breakdown (2009)

[3] **NOTE**: (i) MoE, MoF, GNHC and RUB 10FYP data is drawn from the approved 10FYP budget verified with GHNC in June 2009. (ii) Annualised figures have been calculated by extrapolation of the Budget Totals over the five year period.

[4] Other recurrent costs under Dept of School Education budget includes additional budget allocation in the 10FYP to expand access to remote communities and to children with special needs – additional student stipends, budget for boarding costs (bedding, food, carers and remote allowance, school uniform, and school bus costs)

[5] Extrapolation from 2008/2009 Dzongkhag Consolidated Budget current estimates 16/06/09 provided by Department of National Budget using an estimate of 4.5% p/a increase.

89. Taking the proportion of the total planned education budget allocated to the Department of School Education and the balance from the Secretariat budget (Table G), an estimate of 94% of the planned education budget allocation to Basic Education will be used to estimate the financing expenditure gap (Table J).

90. The education sector budget includes 17.56% of the RUB budget allocation targeted to teacher education at Samche and Paro Colleges of Education.

91. The Department of School Education (DSE) has the highest proportion (85.93%) of the education sector budget outlay with 5% allocated to HRD, 37% on recurrent costs and 58% on capital costs. The HRD component includes teacher professional development in quality improvement such as child friendly schools, curriculum reform implementation and teacher qualifications upgrading. Also included under the HRD component for the DSE and for the Secretariat are key capacity building training programmes targeted at capacity building for central and district education officers to improve support to ECCD, special needs education, system monitoring and financial management, for example. This is additional to the RUB budget outlay to teacher training (in-country) at the two Teacher Training Institutions of Nu 533M.

92. Teachers salaries are projected by MoF and are reflected under the recurrent budget of each Dzongkhag. Teachers salaries are therefore not reflected in the MoE Education Sector Budget. For the purposes of this exercise the Dzongkhag recurrent budget for teacher salaries has been calculated using an average 2008/09 salary of 13,500 + 35% Nu per month for Bhutanese teachers, 17,500 +35% Nu per month for non-Bhutanese teachers and 10,710 +35% for new teacher graduates.

Table H Dzongkhag Recurrent Budget Estimates for Teacher Salaries (Basic Education)

	No. of Teachers 2008	Average salary p/m (Nu)	Teacher salary estimate 2008/09 (Nu M)	Teacher salary estimate 2008/09 (USD M)
Bhutanese Teachers	4071	18,255	890.33	19.35
Non-Bhutanese Teachers	299	23,625	84.77	1.84
New Teacher Graduates	420	14,458.5	72.87	1.58
TOTAL	**4790**		**1047.96**	**22.78**

93. An annual inflation figure of 4.5% is used to calculate the annual recurrent budget increase for teacher salaries (Table I), with the 35% increase in 2008/09 salaries reflecting the increases which have been awarded in the RGoB salary review in late 2008. This calculation does not include temporary teachers and teachers in the private sector.

94. The annualised budget breakdown for the education sector at sub-sector and programme level (Table I) provides a basis for calculation of indicative costs and funding gap over the three year period of the FTI CF proposal, 2009/10 to 2011/12. This presents the cumulative budgets for basic education including recurrent, HRD and capital costs for school services (primary and secondary schools), teacher salaries and pre-service teacher training.

Table I Education Sector Budget Breakdown for Basic Education (Nu M / USD M)

10th Five Year Plan Education Sector – Basic Education	Year 1 2009/10	Year 2 2010/11	Year 3 2011/12	Total 2008-13	% capital
Secretariat					
Programme 1: Policy and Planning Services	2.16	2.25	2.36	11.29	22%
Programme 2: Admin. and Finance Services	6.83	7.14	7.46	35.77	99%
Programme 3: Internal Audit Services	0.23	0.24	0.25	1.18	47%
Programme 4: Human Resource Services	4.62	4.83	5.05	24.21	7%
Programme 5: Bhutan Board of Examinations	6.24	6.52	6.81	32.66	94%
Programme 6: UNESCO National Commission	0.19	0.19	0.20	0.97	58%
Secretariat Recurrent Costs	95.84	100.15	104.66	501.74	-
TOTAL (Nu M)	116.10	121.33	126.79	638.57	
TOTAL (USD M)	**2.52**	**2.64**	**2.76**	**13.88**	
Department of Schools					
Programme 1: Child-friendly school services	0.81	0.85	0.89	4.25	87%
Programme 2: Primary education services	1,616.49	1,689.23	1,765.25	8,462.53	35%
Programme 3: Secondary education services	993.62	1,038.33	1,085.06	5,435.81	97%
Programme 4: Special Education Services	19.97	20.87	21.80	104.53	64%
Programme 5: Early Childhood (ECCD)	6.60	6.89	7.20	34.54	10%
Programme 6: Private School Development	0.02	0.02	0.02	0.08	100%
Programme 7: Education Monitoring & Support	1.51	1.58	1.65	7.92	33%
Dept of Schools Recurrent Costs – pay & allow.	54.89	57.36	59.95	287.38	-
TOTAL (Nu M)	2,738.62	2,861.86	2,990.64	14,337.04	
TOTAL (USD M)	**59.54**	**62.21**	**65.01**	**311.67**	
Dzongkhag Recurrent Budget – Teacher Salaries					
TOTAL (Nu M)	1,660.14	1,734.84	1,812.91	8,691.03	-
TOTAL (USD M)	**36.09**	**37.71**	**39.41**	**188.94**	
Teacher Training – in-country (RUB) Expansion of TT, QA & staff development					
TOTAL (Nu M)	157.04	104.76	104.76	533.00	52%
TOTAL (USD M)	**3.41**	**2.28**	**2.28**	**11.59**	
GRAND TOTAL (Nu M)	4,671.90	4,822.79	5,035.10	24,199.64	
GRAND TOTAL (USD M)	**101.56**	**104.84**	**109.46**	**526.08**	

Source: MoE 10FYP Budget Breakdown (August 2008) MoF Dzongkhag recurrent budget (June 2009) and RUB 10FYP Breakdown (2009)

95. The planned grand total of USD 526.08, from the above Table I, is used in Table J below, with the planned recurrent and capital cost calculations, the donor funding commitments to the 10FYP and the proposed RGoB 10FYP expenditure to Basic Education to estimate the funding gap.

Table J Indicative Financing Gap for Basic Education over the 10FYP period

10th Five Year Plan Education Sector (August 2008)	Year 1 2009/10 Nu M	Year 2 2010/11 Nu M	Year 3 2011/12 Nu M	Total 2008-2013	
				Nu M	USD M
Basic Education - Recurrent Funding[6]					
Secretariat	95.84	100.15	104.66	501.74	10.91
Department of Schools					
- Pay and Allowances	54.89	57.36	59.95	287.38	6.25
- Other Recurrent Costs	961.22	1,004.47	1,049.68	5,032.11	109.39
Teacher Training (RUB)	47.82	31.90	31.90	162.30	3.53
Dzongkhag Teacher Salaries[7]	1,660.14	1,734.84	1,812.91	8,691.03	188.94
(a) Total Basic Education Planned Recurrent Budget	**2,891.91**	**2,928.74**	**3,059.09**	**14,674.56**	**319.01**
Basic Education - Capital & HRD Funding					
Secretariat	26.14	27.31	28.54	136.83	2.97
Department of Schools	1,722.51	1800.02	1,881.02	9,017.55	196.03
Teacher Training (RUB)	109.22	72.86	72.86	370.70	8.06
(b) Total Basic Education - Planned Capital & HRD Budget	**1,857.87**	**1,900.19**	**1,982.42**	**9,525.08**	**207.07**
(c) Total Basic Education Planned Budget (a+b)	**4,677.78**	**4,828.93**	**5,041.52**	**24,199.64**	**526.08**
(d) Total Donor Funding Committed (Table 4B)	**899.98**	**940.48**	**982.80**	**4711.50**	**95.413**
(e) Total RGoB Funding Committed	**2,857.36**	**2,985.95**	**3,120.31**	**14,958.67**	**325.19**
(f) Total Estimated Available Funding (d+e)	**3,695.74**	**3,862.05**	**4,035.84**	**19,347.67**	**420.60**
(g) Financing Gap[3] (c-f)	**982.04**	**966.88**	**1,005.68**	**4,851.97**	**105.48**
USD M	**21.35**	**21.02**	**21.86**		

Source: MoE 10FYP Budget Breakdown (August 2008) and RUB 10FYP Breakdown (August 2008)

96. As Table J shows, the indicative financing gap over the 10FYP period is estimated, from the budgets, to be **Nu 982.04 M (USD 21.35 M)** in 2009/10 **Nu 966.88 M (USD 21.02 M)** in 2010/11, **Nu 1,005 M (USD 21.86 M)** in 2011/12 and **Nu 4,851.97 M (USD 105.48 M)** for the 10FYP (2008-2013).

97. The funding gap calculated in Table J is based on the assumption that recurrent budgets for teacher and staff salaries and allowances will be met through domestic revenue in accordance with national policy. It therefore reflects a funding gap in relation to the capital budget and other recurrent costs[4] under the Department of School Education.

98. The implications of the identified Financing Gap are analysed in relation to the three scenarios described in Part 1A and reflected in Table 3B.

[6] MoE Budget Breakdown is shown separately as recurrent, HRD and capital costs

[7] Estimate based on average teacher salaries x no of teachers employed in basic education (General Statistics 2008). Estimated 60% increase 2009/10 as an outcome of the RGoB salaries review – NOTE: this estimate is used for the purpose of providing an indicative calculation and to ensure that the likely increase is accounted for but is not in an official estimate of actual increases.

Scenario A – Base Case Funding Gap Implications

99. The assumption in Scenario A is that the 10FYP basic education financing gap of USD 225.98 M will not be met through either RGoB education sector budget nor through donor funding and furthermore that the gap may increase during the period due to competing demands on the overall RGoB 10FYP budget allocation. Competition may come from other sectors including anticipated additional costs for road construction in the 10FYP. Competition may also come from education sub-sectors other than basic education including expansion in secondary and post-secondary education enrolment and the higher per student costs to be met from the sector budget; possible withdrawal of some donors from education sector funding; and increased recurrent costs across the sector with the additional impact on the 10FYP overall budget outlay as a result of the RGoB pay review, currently under preparation. As a consequence and, despite the RGoB commitment to the MDGs and EFA, the funding will be insufficient to achieve the UBE and EFA targets by 2015.

Scenario B – Middle Case Funding Gap Implications

100. The assumption in Scenario B is that the 10FYP basic education financing gap of USD 225.98 M will only be partially met through RGoB education sector budget and donor funding. The planned 10FYP programme for Basic Education will have to be scaled back. The outcome is that the remaining MDG Goal 2 and EFA targets for Basic Education are unlikely to be met unless priority is given to achievement of access targets for UPE and UBE with minimal or no growth in other education sub-sectors. The achievement of access targets may also be at the cost of achieving quality targets.

Scenario C – High Case Funding Gap Implications

101. The assumption in Scenario C is that the 10FYP basic education financing gap of USD 225.98 M will be fully met from the RGoB education sector budget, with additional donor and catalytic funding enabling the MDG and EFA access and quality targets for Basic Education to be met.

Low Cost and No Cost Options for Quality Improvement

102. Within each Priority Area low cost and no cost interventions may be identified which contribute to meeting the EFA and MDG2 targets of UPE and UBE by 2015. Such interventions may include systems improvements in each department and at each level in the system. For example:

- Identification of measures for improved efficiency in planning. HRD and EMIS
- Improved efficiency in procurement and distribution of textbooks and teaching materials
- Improved methods of teacher deployment and in-service teacher training
- Motivation of schools to implement low cost and no cost school improvement planning through school self assessment and sharing of good practice
- Recognition of good practice for quality improvement in all departments and at all levels

103. The Results Based Monitoring and Evaluation process should factor in measures of quality improvement including cost effectiveness and improvement in system efficiency.

Projected aggregate recurrent costs to 2015 and indication of whether these are financially realistic and feasible

104. Bhutan has managed to fund the recurrent budget throughout the previous plan periods within the available domestic revenue and in accordance with the national policy. With anticipated increased revenue from hydro-power, it is expected that this policy target will continue to be met.

105. The projected aggregate recurrent costs within the education sector are likely to increase in relation to teacher salary enhancements, increase in the number of teachers employed and increase in the number of children enrolled and retained in school in relation to school textbooks and other consumables. Teacher salary increases can be estimated based on the projected expansion in the number of teachers required to meet the anticipated increases in enrolment and retention of students, and the targeted reduction in class sizes (Table 4A). Increases in recurrent costs to the education sector includes, in addition to teacher salaries, the costs required to meet the target of incentives and allowances for remote posting, stipends and other allowances for children in remote communities and costs of boarding provision[4]. It is anticipated that there will be a shortfall in the education sector recurrent costs other than those for teacher and staff salaries which forms part of the funding gap.

Assumed level of domestic funding for education and the implied size of the funding gap

106. The percentage of domestic funding allocated to the education sector has been gradually increasing through all FYP periods. Currently at 20% of the government budget, the level of domestic funding allocated to the education sector can be expected to increase in the 10FYP to around 23.6% given strong public demand for education services, and the commitment of RGoB to invest in quality inputs. The increase in real terms will be achieved with the expected increase in hydro-power revenue. In terms of volume, RGoB has indicated a planned 25% increase in social sector budget financing.

107. Extrapolating from Table J based on budget estimates for the 10FYP funding including estimates for hydro-power revenue and development partner commitments, for achievement of Universal Basic Education for All in Bhutan over the period 2008-2015, one arrives at the following estimates:

Table K Financing Estimate for Basic Education 2008-2015 (Nu million / USD million)

		Nu M	USD M
GRAND TOTAL 2008 -2015:		35,472.65	
10FYP Education Budget 2008-2013 and Adjusted RGoB 11FYP 2014 -2015 (estimate)		28,360.47	
Estimated Financial Gap 2008-2015		7,112.182	154.60
Estimated additional funding requirement per annum	2009/2010		20.15
	2010/2011		21.05
	2011/2012		22.00
	2012/2013		22.99
	2013/2014		24.03
	2014/2015		25.11

The estimated size of the funding gap is USD 20.15 to 25.11 million per annum for the period 2008-2015.

Proportion of the recurrent cost funding gap for (i) teacher salaries, (ii) primary education, (iii) basic education

108. Teacher Salaries: Given the high level of capital expenditure overall in the education sector budget which includes school infrastructure development, teachers' salaries as a percentage of the total education budget do not constitute more than 35.9% of the budget (Table G). As previously mentioned teacher salaries are paid through the MoF budget to Dzongkhags. The RGoB policy of meeting the recurrent budget from domestic revenue implies that no funding gap is anticipated in relation to teacher salaries.

109. Primary and Basic Education: The MoE recurrent budget is disaggregated under the central plan to cover expenditure on specific activities including student stipends, salaries of ancillary staff and temporary teachers, school transport and remote school allowances[4]. These recurrent costs are distinct from teacher and staff salaries. They are increased in the 10FYP compared to previous plan periods to cover costs of achieving MDG Goal 2 and EFA targets relating to UPE and UBE particularly through provision of access and quality for unreached children in remote communities and for children with special learning needs. Teacher salaries account for 59.2% of the basic education sector recurrent budget estimate and other recurrent costs for specific school expansion activities (stipends, etc) account for an estimated further 34.2% of the basic education sector recurrent budget in the 10FYP.

110. The education sector 10FYP budget (Table G) indicates a budget requirement of Nu 25,573.65 M of which Nu 14.337.04 M (56%) comes under the Department of School Education. The 10FYP budget breakdown (Table I) indicates an estimated Nu 8,466.78 M (USD 184 M) of the DSE 10FYP budget is allocated to Primary Education Services and Child Friendly School Services. An estimated Nu 5,435.81M (USD 118.2 M) is allocated to Secondary Education Services. The variation between the two sub-sectors is due to higher student numbers in the primary education sector contrasted with the higher per student unit cost in the secondary education sector. In addition, the disaggregation of costs to primary or secondary education is not clear cut because, for example, some teachers teach across primary and secondary grades and each category of school varies in the range of classes covered. It is therefore not possible to calculate an accurate estimate the separate funding gap for primary and basic education.

111. Priorities will need to be identified in the FTI CF proposal to meet the EFA and MDG targets, to contribute to the meeting the gap in funding of:

    Programme 1. Child Friendly School Services

    Programme 2. Primary Education Services

    Programme 3.Secondary Education Services

    Programme 4. Special Education Services

2C.2 Tradeoffs proposed within the Primary Education Sector

112. Two inter-related key strategies which are being implemented in order to meet the cost of universalizing primary education completion while simultaneously meeting the costs of promoting quality are: (i) reform of the school curriculum and (ii) upgrading of teacher training and teacher professional development programmes.

113. Bhutan has been able to manage the cost of primary education over the past forty years from almost zero enrolment, to the current 90% NER. Bhutan has invested heavily in

teacher training and development, with the result that quality has been more or less maintained, despite the high level of quantitative gains in enrolment, number of schools and the teaching force. It is anticipated that by the end of the 10FYP the supply of new teachers to the profession will be able to match the increase in demand resulting from expansion in school enrolment and the associated increase in demand for trained teachers.

114. As student enrolment increases in the secondary school sector the overall costs of education will increase given the proportionately higher unit cost per student of secondary education (Table 2A) estimated as Nu 10,410 LSS student p/a, 11,910 MSS student p/a and 15,120 HSS student p/a compared to primary education estimated as Nu 8,305 per student per annum in 2008.

The projected unit cost required to reach the poor, most vulnerable and marginalized groups

115. RGoB realizes that the cost of reaching the very poor, most vulnerable and marginalised groups will be high. The target group includes people living in the most remote areas of the country, the urban poor, children with disabilities and other children of school-going age within their jurisdiction who for various reasons are not yet enrolled in school. This has been accounted for. The additional costs were included in the calculations for the MDG Costings exercise.

116. The needs of children from economically poor families and remote rural communities are being met through targeted support from the 10FYP education budget to provide stipends, school uniforms and bedding for boarding students. The additional costs are included in the education sector 10FYP recurrent budget as discussed above (para. 104)

The costs of classroom investments

117. In the past there has been a strong contribution by local communities for the establishment of new community primary schools. Communities have provided locally available materials (e.g. stones), as well as manual labour. This considerably reduced the cost of establishing schools in remote communities. In the 10FYP the RGoB aims to cover the full costs of school construction including the costs of local labour and materials for community school construction. The estimated cost for school classroom construction in the 10FYP is Nu 120.71 M (USD 2.87 M) per annum for the construction of 352 classrooms. With 908 primary classrooms and 860 secondary classrooms planned, the overall cost for classroom construction is estimated as USD 14.35 M (Table 4A).

118. For the construction of larger, high-value schools at the secondary level, new building technology has been adopted to reduce the use of stones and timber. These materials have come in increasingly short supply in recent years. A new building technology – light gauge steel frame construction – has been adopted for the construction of approximately 26 schools.

2C.3 Pressures to expand Secondary Education

119. Basic Education in Bhutan embraces primary and secondary education by virtue of an 11 year cycle from pre-primary to Class X. 40% of students passing out from basic education level, Class X, are provided free access to higher secondary education by the government based on merit and the current availability of places. The private sector

provides education to another 25%. Given the success at primary levels, it is expected that there will be additional enrolment pressures at the secondary levels. The RGoB plans to maintain the present transition rate of students from basic education to Class XI in government schools at approximately 40%.

120. This limitation is aggravated by the shortage of teachers and limit on classrooms. In order to overcome these challenges, the government has planned to establish 22 secondary schools and upgrade of 57 primary schools to lower secondary schools (LSS), 51 LSS to middle secondary schools (MSS) and 17 MSS to higher secondary schools (HSS). This compares with 21 new schools which were constructed in 2007 (CPS-14, PS-2, LSS-1, MSS-4) and 15 schools upgraded (2 CPS-LSS, 6 PS-LSS, 5 LSS-MSS, 2 MSS-HSS).

121. It is also envisaged that by the end of the 10FYP, all schools will be staffed with a minimum teacher pupil ratio of 1:24 with a class size of 30–36 students in regular schools and 1:20 in smaller schools with multigrade teaching. At present there are disparities in teacher : pupil ratios across all school types. 19% of schools have fewer than 20 children per teacher while 31% of schools have more than 32 children per teacher.

2C.4 Coverage and costs of Post-Secondary Education, Vocational Education and Non-Formal Education

122. The target of achieving universal basic education places two related pressures with resourcing implications on the present education system. First is the trade-off to be made between sub-sectors of the system, where student per capita costs increase progressively through each level of basic education and where there are generally higher per capital costs in providing education for those who are hardest to reach. Secondly expansion in the number of students completing basic education in turn places pressure on higher levels of post-basic education and presents challenges to be addressed relating to youth unemployment.

123. **Higher Secondary and Post Secondary Education:** There still remain concerns over relatively low participation of girls in higher secondary education. It is important to examine why girls are lagging behind at this level and what measures could be taken to increase the retention of girls at higher secondary and tertiary levels. In view of this, it is proposed that a study on girls' enrolment in higher education be carried out during the 10FYP. Essentially, the proposed study will look at the nature and extent of female participation in higher secondary education and suggest practical recommendations for improving the enrolment.

124. **The ICT literacy curriculum** will be fully implemented in higher secondary and middle secondary schools in the 10FYP. The IT literacy programme will be managed by trained IT focal teachers who will be posted in all secondary schools in the 10FYP. The programme will be mainly targeted at students in terminal classes (Classes 10 and 12) to provide them with basic knowledge and skills in the use of IT. General teachers will also be trained in the use of IT through cluster based and school based workshops and seminars to be resourced by IT lead teachers with certification at the end of the training.

125. **Vocational Education:** Provision of vocational education is the responsibility of the Ministry of Labour and Human Resources. At the moment there are 7 Vocational Training institutes. There are 1278 students studying in Vocational Training Institutes in 2008, 51% of whom are female. School Based Vocational Education Programme (SBVE). These programmes will be further consolidated and strengthened in the 10FYP.

This programme has a major role to play in encouraging the youth to take up skilled and semi-skilled occupations as well as self-employment. A review of the school based vocational education programme is envisaged during the plan period. Based on the recommendations of the review, vocational clubs will be expanded in middle secondary and higher secondary schools. Handbooks and manuals for various vocational skills will be developed in line with the Bhutan Vocational Qualification Authority (BVQA). Vocational teachers and instructors will be provided with in-country trainings to upgrade their skills leading to certification by BVQA.

126. **Non-Formal Education**: In the 10FYP the NFE programme will be strengthened to improve its quality and relevance through collaboration with other ministries. Supply of textbooks and recruitment of teachers will be decentralised to Dzongkhags.

127. **Continuing Education:** In the 10FYP, the Continuing Education (CE) programme will be expanded from Thimphu to other Dzongkhags. To this end, a total of 10 CE centres will be established across the country. As in the 9FYP, the focus will be on providing opportunities to complete basic and higher secondary education, using the resources and facilities in private schools. The possibility of diversifying curriculum options and different ways of providing Continuing Education will be studied.

128. To monitor and support the implementation of the CE programme, a CE unit will be established within the Non-formal and Continuing Education Division. The unit will be headed by a coordinator who will be provided with relevant training and exposure in continuing education. Given that CE focuses on adults, and teaching CE is different from teaching adolescents, there is a need to train the CE tutors and managers. The plan will support in-country workshops for 25 CE tutors and managers with the involvement of adult learning experts.

2D. Education System Capacity Constraints

129. The implementation capacity of the Ministry of Education has improved steadily over recent decades with targeted skills development training opportunities, improved communications to district and school levels, and restructuring of divisions within the ministry.

130. A decentralized procurement and delivery system for textbooks and other education supplies to the schools has been implemented and generally it functions efficiently. This has been used to increase availability of manuals and learning materials at the school level. Some weaknesses can be identified within the system such as delays in delivery to some more remote locations. The system of procurement and management of textbook and instructional materials delivery would benefit from improvement in the Management Information System. Key personnel at each level within the system would benefit from further skills development and training opportunities.

131. The projected number of classrooms to be built in the 10FYP is 180 (primary) and 172 (secondary) per year. The implementation capacity of the Schools Planning and Building Division (SPBD) has been dramatically enhanced through the 8FYP and 9FYP periods. There is scope for further capacity building targeted to decentralised levels in the system in order to meet the on-going and future needs of the school building programme.

132. A four year BEd degree course has been introduced as the pre-service teacher qualification to supersede the three year Teaching Certificate course. The number of new teachers to be deployed within the 10FYP expands from 420 in 2009 to a peak of

574 in 2011. The training capacity of the two teacher training institutes is projected to expand from 1264 trainees in 2008/09 to 1573 trainees in 2011/12 (Table 4A). Thus it is estimated that the recruitment and training of the required number of newly qualified teachers is within reach during the 10FYP.

133. However, the additional teacher training requirement in the plan period focuses on continued enhancement of the quality of both pre-service and in-service teacher training to meet the requirements of the new curriculum with its focus on competency-based learning. Furthermore, in order to meet the EFA enrolment targets in relation to those children not yet reached there will be a need to train more teachers in special needs education and in multigrade teaching.

134. The institutional capacity of the Ministry in planning, budgeting, procurement, monitoring, reporting and HRD will be addressed in the 10FYP through comprehensive short and long term training programmes targeted to improve the functioning of officers at Central and Dzongkhag levels.

2E. The Consultation Process

135. The Ministry puts considerable emphasis on consultation with teachers and head teachers. Annual conferences are held at which there are robust discussions on almost every aspect of the school system. Reports are made of these meetings and recommendations recorded. Considerable changes in the system have had their origin from these meetings.

136. MoE has always enjoyed strong support from its development partners. Much of the early dialogue was of an informal nature, given the small number of DPs and the relative smallness of the 'education family'.

137. As the role of education in national policy – in particular in poverty reduction and economic growth – has become more pronounced, dialogue has become more systematic, framed by the Education Sector Strategy and the 9FYP, as well as discussions on the preparation of the 10FYP. This widens the forum for dialogue which now involves the National Commission for Women and Children, the Gross National Happiness Commission, the Ministry of Finance and Civil Society Organisations (CSO).

138. Table 5 outlines the consultation process which has been undertaken in the preparation of this FTI Appraisal Report with stakeholders from central level down to school level and with the education sector development partners.

2F. Monitoring and Evaluation

139. The Steering Committee, composed of key officers of the Ministry of Education and Ministry of Finance and chaired by the permanent Secretary of the Ministry of Education, currently meets with each development partner to review the implementation progress of their activities.

140. The Round Table Meeting (RTM), a forum between government and development partners on various development challenges facing Bhutan, is held at least once during each plan period. As a follow-up to this RTM, donor coordination meetings are held in Bhutan on sector-specific issues.

141. Joint Education Sector Reviews for the education programme are planned, the first having been held in February 2009. These will enable the outcomes of Steering Committee meetings to be routinely consolidated and fed into the donor coordination meetings on an annual or bi-annual basis. They will provide the opportunity for a

common review of progress in implementation of the plan and progress reports on development partner activities. A monitoring and evaluation unit has already been established under the Policy and Planning Division of the MoE. The MoE in collaboration with the Gross National Happiness Commission will take the lead role in the Joint Education Sector Review.

142. Such Joint Education Sector Reviews may be organized around the release of the annual Education Sector Programme Support (EdSPS) document, which already monitors a set of key education sector indicators.

143. A Memorandum of Understanding has been prepared to formalize these arrangements between the Development Partners and the government.

Part 3 The Appraisal Summary

Overall comments

144. Bhutan's current Education Sector Plan and Poverty Reduction Strategic Plan are contained in the 10FYP, underpinned by the philosophy of Gross National Happiness. The Five Year Planning process includes a process of intensive review and broad stakeholder consultation.

145. On 18th July 2008 Bhutan introduced a new Constitution. On the provision of education, the Constitution states that "*The State shall provide free education to all children of school-going age up to tenth standard and ensure that technical and professional education is made generally available and that higher education is equally accessible to all on the basis of merit*" (Article 9.16). Bhutan is a signatory to the Convention on the Rights of the Child (1990) including the commitment to Article 2.1: "*States Parties shall respect and ensure the rights set forth in the present Convention to each child within their jurisdiction*". Bhutan is yet to have compulsory primary education.

146. Following the adoption of the national development policy Vision 2020, the MoE set about the development of a comprehensive education policy which was finalized in 2002, Realising Vision 2020: The Education Sector Strategic Plan. This sets out the vision, objectives and strategies for the whole sector. The Five Year Development plan modality is the vehicle for operationalising the sector strategic plan. Annual Work Plans are developed on the basis of systematic review of progress and through consultative processes including the Annual Education Conference and the National Head Teacher Conference.

147. Both the education relevant MDGs and EFA Framework for Action are central to the MoE's strategic plans. Bhutan has set a MDG+ Goal with a target of near 90% enrolment and completion basic education to Class X. This is backed up by the MDG Needs Assessment and Costings exercise (2007) which makes it possible to estimate, with some degree of accuracy, the financial gap between assured and required financial resources. The MDGs Needs Assessment and Costing exercise (2007), based on a linear growth model, estimated Nu 11,110.2M up to the year 2015, of which Nu 27,600.33M is required for the education sector.

148. The 10FYP covers the period 2008-2013, with completion coming 2 years before the MDG target and costed period to 2015. Whereas the MDG cost estimates are based on a linear progression model, the 10FYP costings will benefit from the results-based approach to planning and budgeting through which adjustments will be made progressively throughout the plan period as the Multi-Year Rolling Budget (MYRB) is implemented. The 10FYP (Aug 08) total budget requirement for the period 2008-2013 is estimated as Nu 146,252 M. The estimated budget requirement for Basic Education, inclusive of Dzongkhag budget for teacher salaries and RUB budget for teacher training, is Nu 24,199.64 M (Table J). The estimated requirement for Basic Education in 2008/09 is Nu 3,647.5 M (Table 4A). The estimated budget allocation to the education sector for the first year of the 10FYP 2008/09 is Nu 3,350.980 M or 13.16% of the budget from a total planned annual 10FYP budget for 2008/2009 of Nu 25,467.990 M.

149. In the 10FYP Primary Education Services Programme (MoE/01) MoE has identified priority areas for achievement of UPE:

    a) consolidation of the concept of Child Friendly Schools;

b) infrastructure development through expansion and consolidation programmes;

c) enhancement of quality primary education through support to the implementation of continuous assessment, establishment of additional resource centres, strengthening of multigrade teaching, and development of a strategic framework;

d) review and revision of the inclusive education programme.

Strengths

150. Expenditure made in recent decades to the social sector, and to the education sector specifically, has shown progressive increases indicating the RGoB commitment to the achievement of universal primary education. Judicious and environmentally conscious exploitation of Bhutan's abundant hydro-electric potential will ensure sustainable development in the coming decades. However, the next 5 years will prove critical to Bhutan as it seeks to develop its human capital while investing in the necessary physical infrastructure.

151. The introduction of Results-Based Planning in the 10FYP provides a comprehensive streamlining mechanism which underpins the National Monitoring and Evaluation System (NMES). NMES includes an integrated planning, budgeting and monitoring tool (PLaMS) linked to the introduction of a Multi-Year Fiscal Framework (MTFF) and Multi-Year Rolling Budget (MYRB) to enable more realistic budget planning and a Public Expenditure Framework (PEM). These innovations in planning and budgeting are to be introduced in the 10FYP period with a planned capacity development programme.

152. In the 10FYP emphasis is placed on enhancing quality of education for all children and increasing access for children in rural and remote areas. From a near zero baseline in the 1960s, Bhutan has made remarkable achievement, reaching 88% primary net enrolment in 2008, increased from 79% in 2006[8].

153. School expansion programmes have addressed issues of impact on the local community and the local environment. Light gauge construction methods have been used for some new school construction which saves on timber and time. In the past communities have provided labour contribution for rural school construction. In the 10FYP period the government will lift this burden on the rural communities and the full budget for all school construction will be provided.

154. Targeted interventions planned in the 10FYP to expand provision for children with special learning needs includes training programmes to increase the number of specialist teachers, expansion and consolidation of existing provision in selected schools and locations, and expansion of physical facilities to enable increased enrolments.

155. A major curriculum reform is underway, based on modern pedagogic principles and supported by school improvement strategies (e.g. Child Friendly Schools). A national system of Teacher Resource Centres will ensure greater connectivity between schools, a critical need in a context where distance between some schools is measured in days not hours.

156. Strengthened national institutions such as the National Commission for Women and Children will ensure effective advocacy and monitoring functions for child protection and support to the Child Protection Unit. A National Gender Action Plan is being

[8] Clarifications on Enrolment Rate calculations are provided in MoE General Statistics 2008, (p.7) including use of NSB census and population projections, and data on children enrolled in monastic institutions.

finalised in 2008 and this will ensure the implementation of gender mainstreaming initiatives in schools and in the wider community.

157. The RGoB recognises the importance of early learning experiences as foundational to the enhancement of future opportunity. In the 10FYP the expertise in ECCD practices both within the country and internationally will be developed through training of a core group of people in ECCD. The focus of this objective will be:

- Family-based approaches to enhance and promote sound parenting and care practices for young children in the home environment, especially in rural areas.
- The use of day care centres focusing primarily on early learning and activity centres for young children in urban areas using private providers.

The ECCD unit within the Ministry of Education will be consolidated by identifying key personnel to work full time on ECCD. the Ministry will continue to produce programmes and disseminate ECCD practices over radio and TV. This will be complemented by producing ECCD materials to be used in the non-formal education programme and training selected NFE instructors in ECCD practices. A review of the ECCD programme with the support of TA is envisaged to suggest measures for further development and expansion of the ECCD programme.

158. A National Education Review Commission was established in 2006/07 to undertake an in-depth study of the factors affecting the quality of education. The NERC reported in early 2008. Other quality surveys have been undertaken by the Royal Education Council and the World Bank; both reports are to be published in 2008.

159. Gender parity has been achieved at primary school level and will be achieved in Basic Education to Class X within the 10FYP period. The 10FYP has the ambitious objective of 80 females per 100 males in all tertiary institutions which, if achieved, will place Bhutan ahead of many countries in the world. This progress allows the focus to shift to gender equity issues and to address issues such as classroom achievement, transfer and drop-out rates as well as career and counselling services.

160. RGOB is concerned for the conditions of the many children in poor, rural and remote areas and collaborates with the World Food Programme (WFP) on a school feeding programme. The policy of the MoE is to provide primary schooling within easy walking distance, in order to allow children to attend school near their homes. Given the mountainous terrain, the dispersed settlement patterns of the population and resource constraints, some children have to enrol in primary schools distant from their homes as day scholars and stay with family or as boarders. This is largely made possible through the provision of WFP funded meals. Around 5,500 primary students, who have to board, are provided with two meals a day through WFP. The RGoB provides the third meal. Until recently, for approximately 18,000 primary day students, WFP provided one meal per day. From 2008, WFP started providing two meals for all the day students. In public secondary schools up to Class X, two meals a day for all boarders is provided by WFP and also provides two meals a day for day students. RGoB supplements this with a stipend scheme which covers the cost of one meal per boarder. The stipend scheme is also available for the National Institute of Disabled (NID).

161. Possibly the most radical development with respect to implementation and service delivery is the national policy of decentralisation. The education planning process is decentralized. Whereas other sectors receive block grants of up to 70% targeted from central funds against action plans this has not been possible in the education sector. At this stage the decentralised education budget is mostly targeted to capital expenditure

for school construction. District level decision-making and accountability is being strengthened through the new constitution and political dispensation, backed-up with comprehensive capacity building plans and programmes. This is a priority area for further development of decentralized functions.

Concerns

162. On the provision of education, the Constitution (Article 9.16) states that "*The State shall provide free education to all children of school-going age up to tenth standard.* Clarification has been sought, as part of the FTI consultation process between MoE and DPs, on the interpretation of "free education for all children" in the Bhutan context.

163. At the present time teachers, textbooks and school facilities are provided to all school-going children free of charge. There are fixed internal fees of 30 Nu per primary/community school child per annum. There is a token fee of 5 Nu p/a for day scholars, 50 Nu p/a for boarding students and a monthly fee of 25 Nu for non-Bhutanese nationals. Parents have to provide school uniform and stationery (urban). The Bhutan Living Standards Survey showed that parents do not consider distance from school (which can be considerable) as much a problem compared to the cost of schooling.

164. According to the education policy of the MoE, all children who are Bhutanese citizens and all children who are legally resident in Bhutan may attend school. School attendance is not compulsory. Under the Immigration Law, if a mother and father both have a legal right to live and work in Bhutan they are legally resident and their children may attend school. Under the Immigration Law certain categories of workers are not allowed to bring family to Bhutan.

165. The adoption of the Constitution will entail review of the education policy in addressing the rights of children who for whatever reason are currently unable to access primary education. Studies may be necessary to identify vulnerable groups and the causes for non-participation. Specific advocacy and information sharing campaigns may be helpful to ensure that all children living in Bhutan can benefit from their constitutional rights.

166. Early childhood care and development in the sense of organized stimulation and play centres have hitherto not been considered a priority given the strength of traditional practices of child rearing in the extended family system. However, with social transformation and added pressure on working parents, this is becoming an important area of concern for the future and will require a coordinated approach involving families, communities, health workers and educators. More so, the gradual weakening of traditional family ties and erosion of conventional social values due to rapid modernisation and globalisation effects poses the need to strengthen values education in school.

167. The challenge of progressing from 80% to 100% primary school enrolment is not simply a linear progression. It will take considerable effort to reach the last 15-20% of children. Particular strategies are needed to ensure adequate and equitable access to good quality education provision for those children who are still unreached, including children with special needs, those for whom indirect costs (especially opportunity costs) are too great a burden, school-age children working as domestic helpers and children of nomadic families.

168. One of the proposed strategies to increase access to basic education is a combination of expansion of extended classrooms (ECR) using existing facilities such as monasteries and out-reach clinics, and consolidation of schools where boarding facilities can viably

be established. However, it will be necessary to study feasibility of its implementation including budget implications, impact on children related to net enrolment, drop-out, gender parity, child protection issues related to boarding facilities, and solutions which serve the best interests of the child. The views of parents and the community on the alternatives for provision of basic education should be taken into consideration. On-going dialogue with DPs and CSOs involved in education provision for disadvantaged groups may also generate new initiatives. Embracing all of this is the need to ensure not only equitable access to child-friendly education but also the strengthening of good governance practices within the education sector.

169. The MoE is planning to analyse the impact of various enrolment strategies on retention and completion of basic education. The study could include analysis of measures to ensure children stay in school, the feasibility of removal of school fees and the benefits of in-kind incentives such as feeding programmes and school uniform. The study would inform pro-poor strategies and demand side interventions to ensure that children from the poorest families enrol and stay in school. A study on the effectiveness and efficiency of community schools as a strategy towards the achievement of EFA has been proposed. Further research could ensure that education policy is more strategically pro-poor.

170. Two schools have been established for children with special needs (hearing impairment and visual impairment). Other school facilities have been modified to provide access for children with physical disabilities. Further development of education provision for children with disabilities is needed, including teacher training and learning resources to improve access and quality of opportunity. Considerable additional resources will have to be made available in order to improve facilities and to reach every child in this category. Linkages need to be strengthened between the MoE and the health services to address issues of preventive care, child protection, counselling, family support and community care of children with disabilities.

171. Many out of school boys are enrolled in monastic schools that are the responsibility of the Dratsang Lhentshog (Commission for Monastic Affairs). The MoE provides monastic schools with textbooks whenever requested. There is scope for collaboration between MoE, MoH and the Dratshang Lhentshog in improving the living conditions of children in monastic schools and an associated concern to ensure that child protection measures are in place to safeguard the wellbeing of children in monastic schools. Future collaboration between MoE, the MoH and the Dratshang Lhentshog could be targeted towards improvement in basic literacy and numeracy, health, hygiene and learning methodology in line with the Child Friendly Schools and Life Skills initiatives of mainstream education.

172. Provision of quality education for all children addresses the challenge of retention of children once they are enrolled in school. Strategies have been introduced to improve class size, teacher qualifications, availability of textbooks, relevance of curriculum, provision of pre-school and school readiness programmes. Minimum quality standards are needed which describe the criteria and performance indicators relating to teacher qualification, school facilities, learning environment and student performance. Mapping of variation in provision and learning outcome will enable the MoE and DPs to identify disparities and to then ensure equitable access to education opportunity which meets minimum quality standards for all children. Such mapping has elsewhere served as an extremely useful tool in reducing disparities and ensuring an equitable provision of education to all children. Feasibility studies may be undertaken to assess needs, to develop locally appropriate solutions and to monitor the effectiveness of strategies.

173. Capacity – at all levels - is a main concern of MoE. Short term measures are in place to address the present shortage of teachers and the 10FYP projections indicate that teacher supply will meet teacher demand within the 10FYP period. Shortages may continue in some subject areas: at secondary level the shortage is primarily in the supply of mathematics and physics teachers. At primary level too few Dzongkha Lopens are qualified as class teachers and too few class teachers are able to teach Dzongkha.

174. The teacher training colleges have been upgraded to constituent colleges of the Royal University of Bhutan and the basic teaching qualification has been raised to the four year BEd. This standard should be reached by all teachers within the 10FYP period. There is a need for better coordination between MoE and RUB to monitor teacher supply and demand and to evaluate quality.

175. More targeted resources are needed in the primary school sector including appointment of the best teachers to lower grades. At present there is a tendency, for example, to allocate the best teachers to secondary schools.

176. Staffing in small schools, multigrade schools and remote rural schools presents a particular challenge in relation to deployment and retention of teachers and subject coverage. A strategy for deployment of teachers to remote and rural schools is needed, including consideration of enhanced terms and conditions. A study may be commissioned to identify the pattern of deployment to remote schools to ensure that these schools are provided with experienced and resourceful teachers able to enhance the quality of teaching and learning in the most challenging and professionally isolated of work environments. Decentralisation of part of the recurrent budget to Geog Committees would bring greater focus to local issues including shortage of qualified teachers.

177. The HR department of MoE faces the problem of insufficient qualified staff for fair and efficient management of teacher deployment. Improvements are needed in transparency of teacher deployment and in management of teacher incentives. Improved development and implementation of HR action plans is needed to recruit and retain good teachers and teachers in shortage subjects. Underpinning these concerns is the need to develop an improved PMIS, integrated and aligned with the FMIS and EMIS systems of MoE, GNHC, RCSC and MoE.

178. The development of an improved EMIS system will provide a more efficient and effective policy and planning tool for the future. With recent revisions the system has improved to enable deeper analysis and more accurate population figures which identifies disparities in enrolment and literacy levels between districts, sub-districts and localities. The further improvement of the system will enable better targeted strategic plans to address specific needs and corresponding prioritisation in the allocation of resources. The most affected districts should now receive the highest priority from MoE based on results-based planning, targeted towards achievement of minimum standards. Capacity building of key personnel at each level of the EMIS system is needed to ensure that the system contributes effectively and accurately into the Results-Based monitoring and reporting procedures.

179. A total of 144 HIV/AIDS cases have been detected to 2008, 87% of whom belong to the age group between 20-49. A large number of these cases are also from low income groups. As such, if the HIV/AIDS situation were to deteriorate significantly, this could particularly impact and undermine youth development and poverty reduction efforts in the country.

180. Toward promoting child and adolescent health the MoE, in collaboration with the MoH, conducted a comprehensive school health programme throughout the 9FYP. During the plan period, teachers were trained to teach important Life Skills Education topics such as adolescent reproductive health, adolescent mental health, HIV/AIDs, STIs, hygiene and sanitation and First Aid. In order to create awareness on health and social issues such as HIV/AIDs, drug abuse, unemployment, legal issues, several workshops and training programmes were conducted for out-of-school youth in Thimphu. These programmes will continue in the 10FYP. HIV awareness is being actively promoted in schools, teacher training institutes and among vulnerable and at-risk groups.

181. Disaster management and all forms of security (eg. food security, economic security and national security) are concerns to be addressed corresponding to the diverse learning environments found across Bhutan. Schools in the border areas of Bhutan, for example, are vulnerable as potential targets for recruitment by militant factions. The initial steps have been taken to involve schools and districts in the process of disaster management planning. These plans may generate additional resource requirements.

Conclusions

182. The future economic outlook for Bhutan is positive and sustainable development will be dependent upon a well-educated population, who will thereby be enabled to participate actively in the new political order and gain employment in sectors demanding higher skills levels.

183. Bhutan has received consistent and positive support for its development efforts from the development partners. The mechanisms are in place for genuine partnership and dialogue between MoE and DPs. The FTI provides the opportunity for more coordinated effort as all development partners share with the Royal Government of Bhutan the task ensuring the achievement of EFA. A more structured process would help to address a range of concerns such as predictability of funding, coordinated capacity building, joint sector reviews and more systematic engagement in regional and international education fora.

184. As Bhutan progresses through the FTI application process this can be used as an opportunity for the harmonization of education sector support. DP and MoE procedures can be aligned, technical working group and joint annual sector review procedures can be institutionalized and monitoring procedures can be streamlined to further support aid effectiveness. This should ensure that there is no additional burden on the planning, budgeting, monitoring and reporting systems, eliminating any requirement for parallel systems which duplicate effort. The World Bank, Denmark, the Government of India and the Asian Development Bank have assessed and given positive support to the RGoB fiscal policy and funding modality of sector budget support.

185. It is anticipated that the majority of development funding to the education sector, including future FTI support, will continue to be allocated through direct budget support. There is an acknowledged need for continued improvement to the monitoring of funding flows as results-based planning and MTFF/MYRB mechanisms are operationalised. These initiatives form the foundation of a better coordinated and enabling environment for sector budget support.

186. Education strategic planning is being brought into a more holistic and equitable framework in relation to overall economic demands and national poverty reduction strategies. The NMES and EMIS systems being introduced and developed through the 10FYP will enable critical linkages to be made between access to social services and

improved standards of living. In addition, the Royal Audit Authority maintains a strict control on government spending thus ensuring that funds are spent for their intended purposes.

187. The Royal Civil Service Commission ensures that the required numbers of professionally trained personnel are recruited for government services, with a resulting high level of performance. The education sector has a proven record in the provision of relevant and quality education, and the decentralisation process ensures local responsiveness to community needs and aspirations.

188. The FTI process including aid harmonization and alignment, funding modality, funding and disbursement mechanism, accounts and audit will require transparency in its procedures to ensure that opportunity for corrupt practices is eliminated. The procedures relating to management, disbursement, utilization and reporting of the FTI Catalytic Fund (CF), and the associated monitoring triggers must be agreed between DPs and MoE and will be included in the FTI CF proposal.

189. The Education Sector Plan provides a comprehensive strategy to support RGOB commitments to poverty reduction and provision of quality education for all children with legal status in Bhutan. The monitoring system enables the government, through the GNHC, to monitor progress and impact across the education sector through activities targeted towards achievement of the MDG Goals 2 and 3, and EFA targets.

190. The indication is that several critical funding and human resource capacity gaps exist that will slow down progress towards meeting the present MDG targets for 2015. They are:

- Remoteness of some communities
- Provision of quality education for children with special needs
- Elimination of all disparities in service delivery, specifically in ensuring equitable access and minimum standards of quality in education services for all children in Bhutan.
- Quality improvement in textbook content, delivery and use
- Quality improvement in teacher training and teacher competencies

191. In summary, and in accordance with the EFA FTI guidelines, this report provides the information necessary to justify the credibility of the education sector plan for application to the FTI CF:

- The 10FYP provides the strategy, including budget requirements for accelerated progress towards UPE and in Bhutan's case, progress towards UBE;
- The 10FYP addresses HIV/AIDS, gender equality, and other key social development issues formulated as national policy actions designed to improve education quality, equity, efficiency and fiscal sustainability;
- This report has highlighted the implementation capacity constraints and has identified strategies to address them;
- The 10FYP provides an indication of how the country intends to carry out monitoring and evaluation of the 10FYP including identification of annual targets for measuring progress on key policies and outcomes. It is proposed in this report that the FTI indicative framework will be an integral part of the existing and planned government processes.

Tables

Table 1. **Catalogue of Main Documents for the Technical Appraisal**

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Table 5. **Consultation with Stakeholders**

Table 6. **Summary of Technical Appraisal**

Table 1. Catalogue of Main Documents used for the Technical Appraisal

DOCUMENT	Date of draft/ Base Year Data	Authorship/ sponsorship
Key National Documents		
10th Five Year Development Plan 2009-2013 (10FYP)	2008	GNH Commission
Bhutan MDG Needs Assessment and Costings Report (2006-2015)	2007	Planning Commission RGoB
MDGs: Progress Report 2005	2005	RGoB
9FYP Mid Term Review	2005	RGoB
Good Governance Plus	2005	RGoB
Bhutan Human Development Report 2005	2005	RGoB
Bhutan Population and Housing Census	2005	Office of the Census Commissioner, RGoB
Poverty Reduction Strategy Paper – MTEF	2004	Dept of Planning, Min of Finance
Poverty Analysis Report	2004	RGoB/NSB
Bhutan Living Standards Survey (BLSS)	2003/2007	NSB
9th Five Year Development Plan 2002-2007 (9FYP)	2002	Planning Commission, MoF www.dop.gov.bt
Poverty Assessment and Analysis Report	2000	RGoB
Vision 2020: A vision for peace, prosperity and happiness	1999	RGoB
Key Sector Documents: Ministry of Education		
www.education.gov.bt	website updates	RGoB/MoE
Education Sector 10FYP	2008	MoE
General Education Statistics	annual	MoE
Annual Education Conference Reports	annual	MoE
Education Policy Guidelines and Instructions (Volume 26)	2006	MoE
Education Sector Investment Plan (ESIP) 2007-12	2006	MOE
Annual Education Sector Report (2004-2005) Component 1: Sector Programme Support	2005	EdSPS, MoE Thimphu
Budget Appropriation for Fiscal Year 2005-2006: Education	2005	MoE Thimphu
Education Sector Strategy – Realising Vision 2020 Policy and Strategy	2003	DoE MoHE Thimphu
Human Resource Development Master Plan (2002-2012)	2002	Education Department MoHE
Education 9FYP	2002	MoE
EFA Action Plan	2001	DoE MoHE Thimphu
Relevant Education Sector Analyses:		
Mid-Term Review of the 9th Five Year Plan	2005	Ministry of Education, Thimphu

DOCUMENT	Date of draft/ Base Year Data	Authorship/ sponsorship
Report on the study to come up with the local initiative approaches – To Enhance and Accelerate Enrolment	Oct-Dec 2004	Kaka Tshering / Karchung RGoB MoE / UNICEF
National Education Assessment in Bhutan: A Benchmark Study of Student Achievement in Literacy and Numeracy at Class VI – Technical Report	2004	BBE, Ministry of Education
Other Relevant Documents		
UNDP Country Strategy for Bhutan 2008- 2010	2008	
ADB Country Strategy For Bhutan 2006-2010	2005	
Liaison Office of Denmark Sector Programme Support Document: Social Sector (2008-2013)	2007	
NSB: Bhutan Living Standards Survey	2004b	NSB
National Commission for Women and Children: • Situation Analysis of Children & Women in Bhutan • Annual Report • CRC Report • Gender Action Plan	2006 annual 2002/6 2008	
Joint Education Sector Review, Aide Memoire	Feb 2009	MoE and DPs

Table 2A. Population and Education Indicators Selected from the Appraisal Documents

Domain/Indicator [Footnote referenced unless otherwise stated]	Year 2000[9]	Year 2003[10]	Year 2005[11]	Latest yr available 2008[12]
Selected population characteristics				
Total size (estimate)	716,424	734,340[13]	634,982[14]	671,083[15]
Rural population (percent)	-	79%	-	-
Population below the age of 15 years (percent)	-	42%	-	-
% of population below the poverty line	36.3%	-	-	-
% of urban population below the poverty line	6.4%	-	-	-
% of rural population below the poverty line	41.3%	-	-	-
HIV prevalence – total known cases (UNICEF)	-	74	-	144
- known cases below age 9 (UNICEF)	-	5	-	11
Gross enrolment ratios (%)				
Primary	81.0%	82.45%	87.8%	112%
Secondary	-	-	-	-
Basic Education (class PP-X) enrolments and student flow				
Total enrolments	-	-	133288	146955
% students enrolled in urban schools	-	-	46%	59%
% schools in urban areas	-	-	20%	29.9%
% schools in remote / rural areas	-	-	59%	70%
% students enrolled in remote / rural schools	-	-	30%	41%
% in privately financed and managed schools	-	-	3.8%	1.9%
Net Enrolment Ratio	61.41% (2002)	63.21%	64.88%	85%
Entry rate to Grade PP (%)	-	-	88.71%	87.5%
Entry rate to Grade PP (%) Apparent (Gross) Intake Rate	-	105% (2004)	109%	114%
Entry rate to Grade PP (%) Net Intake Rate	-	-	44% (2006)	50%
Apparent (gross) Intake Rate	82.95% (2002)	84.97%	84.9%	-
Net Intake Rate	23.07%	78.8%	85.85%	-
Primary education (class VI) completion rate (%)	72.6%	78.8%	85.85%	87%
Primary education (class VI) survival rate – total (%)	-	67.1%	85.85%	-
Primary education (class VI) survival rate – girls (%)	-	73.1%	-	77.4% to Cl X
Primary education (class VI) survival rate – boys (%)	-	62.1%	-	72.2% to Cl X
Basic Education (class X) completion rate (%)	-	-	43% (2006)	54%
Coefficient of internal efficiency - completion of Basic Education Class X	75.3% (2002)	69.71%	70.2%	74.9%

[9] Household Income Expenditure Survey 2000, RGOB, referenced in PRSP 2003
[10] PRSP 2004
[11] General Statistics 2005, Ministry of Education
[12] General Statistics 2008, Ministry of Education (draft)
[13] Statistical Yearbook of Bhutan, 2003, National Statistics Bureau
[14] Bhutan Population and Housing Census 2005
[15] Bhutan Population Projections 2005-2030 (NSB)

Domain/Indicator [Footnote referenced unless otherwise stated]	Year 2000[9]	Year 2003[10]	Year 2005[11]	Latest yr available 2008[12]
Repeaters as % of enrolments (Cl.VI)	-	12%	4%	4%
Girls as % of total primary school enrolments	-	-	48.3%	49.5%
Girls as % of total completion Class X	-	-	48.2%	
Gender Parity Index (PNER)	-	-	-	1.02
Gender Parity Index (PGER)	-	-	-	1.00
Basic Education – student learning outcomes				
Percent correct answers on national standardized tests (Gr VI)				
- mean test score Numeracy (out of 50)	-	-	23.08	-
- mean test score Literacy (out of 50)	-	-	26	-
Percent Class X pass	80%	96%	96%	96% (2007)
Adult Literacy Rate – total population	54%	-	42.90%	55.5%[16]
Age 6+ literacy rate – total male (BLSS)	-	-	53.86%	65.7%[16]
Age 6+ literacy rate – total female (BLSS)	-	-	32.79%	45.9%[16]
Age 6+ literacy rate – total urban (BLSS)	75.9%	-	70.42%	74.2%[16]
Age 6+ literacy rate – total rural (BLSS)	41.5%	-	36.50%	49%[16]
Govt. Basic Education service delivery indicators				
Average Years to complete Basic Education cycle	-	9.1 (to Cl.VI)	11.8 (to Cl.10)	-
Pupil years invested per graduate	-	-	15.7	
Pupil-teacher ratio (overall)				28[17]
Pupil-Teacher Ratio – Community Schools (rural)	-	-	34.3	30
Pupil-Teacher Ratio – Primary (PP-VI)	-	-	33.7	29
Pupil-Teacher Ratio – Lower Secondary (VII-VIII)	-	-	33.2	30
Pupil-Teacher Ratio – Middle Secondary (IX-X)	-	-	28.6	27
Pupil-Teacher Ratio – Pvt Schools	-	-	19.1	15
Pupil-Teacher Ratio – NFE Centres	-	-	28.5	18.8
Pupil-classroom ratio Overall/			34.7	30
In rural schools	-	-	25.0	29
Pupil-textbook ratio (math & language books)	-	-	1:1	1:1
Number of teachers Total			4053	5745
% females	-	-	-	39.5%
Civil servants Total	13,645 /	15,125 /	16,554 /	
% female	21.33%	26.33%	27.51%	
Teachers as % of civil servants (Total/females)	-	-	24.5% / -	
Number of teachers Total	1439	4013	4614	5758
Non-Bhutanese	433(1997)	696	641	848
Private Schools	-	-	-	187
ECCE	-	-	-	28
Special Education (NID)				13
Average annual salary per teacher (inc. benefits)				
Bhutanese Nationals	-	-	9,000 Nu	218,700Nu
Non-Bhutanese Teachers	-	-	15,000 Nu	283,500Nu
New Teacher Graduates	-	-	-	173502Nu

[16] Bhutan Poverty Analysis Report 2007 (NSB)
[17] PTR Range: 3 schools have a PTR >80:1; 100 schools have a PTR <20:1

Domain/Indicator [Footnote referenced unless otherwise stated]		Year 2000[9]	Year 2003[10]	Year 2005[11]	Latest yr available 2008[12]
Instructional hours and teaching loads					
Annual instructional days for pupils		-	-	180 minimum	-
Average pupils' instructional hours per week		-	-	27.5 hrs	-
Average teachers' teaching load per week (hours) - teachers - head teachers / principals - assistant / vice principals				 22 hrs p/w 8 hrs p/w 12 hrs p/w	-
Public spending on education (from Budget Summary – AFD)					
Public expenditure on education as a share of total public expenditure		-	-	14%	7.09%
Recurrent spending on education (all levels) as % of GDP		-	-	4.81%	5.8%
School education's share of total education recurrent spending		-	-	76.55% (2005/06)	87.2% (2008/09)
Share of recurrent basic education budget used on inputs other than teachers salaries (%)		-	-	-	59.23%[18]
Average recurrent cost per student per annum (extrapolated from General Statistics 2005 & 2008)[19]					
Primary	Day scholar Boarder	Nu.4,986	Nu.5,751	Nu.6,574	Nu 8,305 Nu 12,929
Lower Secondary	Day scholar Boarder	Nu.9,362	Nu.8,701	Nu.10,746	Nu 10,410 Nu 14,947
Middle Secondary	Day scholar Boarder	Nu.9,362	Nu.8,701	Nu.10,746	Nu 11,910 Nu 16,447
Higher Secondary	Day scholar Boarder	Nu.9,362	Nu.8,701	Nu.10,746	Nu 15,120 Nu 19,657

Assumptions:

a) Average annual wage bill per teacher (inc. benefits) – calculation based on average national teachers salary of 13,500 Nu per month x no. of Bhutanese teachers in Classes PP-X (extrapolated from General Statistics 2008), non-Bhutanese teachers salary of 17,500 Nu per month x no. of non-Bhutanese teachers in Classes PP-X (extrapolated from General Statistics 2008), and new graduate teachers salary of 10,710 Nu per month x no. of new graduate teachers in Classes PP-X (extrapolated from General Statistics 2008) with 35% increase for 2008/09 pay award – see Table H.

[18] Data from Table J used to calculate the percentage of basic education budget allocated to recurrent costs other than teachers salaries.

[19] 2008 estimate provided by MoE PPD.

Table 2B. Education Indicators for Disadvantaged Groups (2008)

	Primary (PP-VI)	Lower Secondary (VII-VIII)	Middle Secondary (IX-X)	Total enrolments	Primary Net Enrolment ratio	Entry rate from Class PP to 1	Completion rate Class X	% of Repeaters	Promotion Rate at Cl.X
Total (2008)	112% GER	-	-	146955	88%	91.4%	54%	6.2%	98.8%
Boys (inc. monastic enr.)	87%	-	-	-	-	90.4%	-	-	99.1%
Girls (inc. monastic enr.)	89%	-	-	-	-	92.5%	-	-	98.6%
Average annual % increase 1996-2008	3.6%	21%	35%	-	-	-	-	-	-
Urban - GER	109% (BLSS)	87.17% (BLSS)	77.5% (BLSS)	-	-	-	-	-	-
Rural - GER	88.32% (BLSS)	47.66% (BLSS)	36.9% (BLSS)	-	-	-	-	-	-
PNER - best district:	98% female enrolment			-	-	-	-	-	-
PNER - worst district:	63% female enrolment			-	-	-	-	-	-
Disabled children	-	-	-	50	-	-	-	-	-
Students in: Monastic schools Sanskrit pathshalas	-	-	-	7005 18	-	-	-	-	-

[*Source: General Statistics 2008 unless otherwise stated*]

Poverty Indicators – Education (PRSP)

Illiteracy Rate (above 15 years of age)
Net (age specific enrolment rates in primary levels
Gross enrolment rates in primary levels
Dropout rates in primary schools (up to class 6)
Pupil / Classroom ratio
Pupil / Teacher ratio
% of schools with adequate water supply
Number of usable toilets per 50 students
Completion rates in primary levels
Repetition rates in primary levels
Proportion of secondary schools without usable toilets

[*PRSP 2004*]

Table 3A. Overall Sector Priority Objectives and Strategies

Sector Priority Objectives and Strategies for Universalising Primary Education

The objective of the 10FYP programme targeted at primary level (MoE/01) is "to expand access to primary education to achieve near 100% net primary enrolment rate by 2013 and improve quality of learning amongst children".

Sector Priority Objectives and Strategies for Promoting Gender Equity

MoE/01 Primary Education Services programmes and MoE/02 Secondary Education Services programmes [10FYP] indicate that MDG Goal 3 "to promote gender equality and empowerment of women" will be addressed but no specific activities are referenced.

NCWC/01 Strengthening the Advancement of Women and Children [10FYP] provides comprehensive objectives and strategy to address MDG Goal 3 and SDG Goal 8 "to ensure effective participation of poor and of women in anti-poverty policies and programmes". These programmes are developed in accordance with the National Plan of Action on Gender, the CEDAW and the CRC.

Table 3B. Selected Cost and Financing Simulation for Assessing Strategic Directions

Indicator	EFA FTI Indicative benchmark	Country base year position 2008[20] unless otherwise stated	Targets/Outcomes in 2015 under Alternative Scenarios		
			A	B	C
			Base-case scenario	Middle case scenario	High case scenario
a. Student flow indicators					
% of age-group entering Class PP in primary cycle – net intake ratio	100	50%	75%	85%	97.5%
% of age-group completing VI in primary cycle (Total/Girls)	100	58.5%[21] 41.81%[21]	65%	75%	85%
% repeaters Primary Education Cl PP-VI Basic Education Cl PP-X	10 or less	6.0% 6.6%	4%	2%	0.5%
Enrolments in post-primary education					
Total students in secondary Cl.VII-X Total Girls	Near 90%	40,855 / 50.2% girls	48,000 / 50% girls	52,000 / 50% girls	57,600[22] / 50% girls
Total students in HSS education Cl.XI-XII Total Girls	60%	10,157 / 44.8% girls	12,000 / 50% girls	14,000 / 50% girls	15,500[23] (50% girls)
Basic Education Survivors from Cl PP to Cl X (Total/Girls)	>90%	67% / 72.4% girls	75% ≥75% girls	82% / ≥ 82% girls	90% / ≥ 90% girls

[20] MoE General Statistics 2008
[21] SIMSIP 2005 - World Bank database of education statistics for Bhutan
[22] Calculation: 64,000 children in Cl PP-III in 2008; 90% completion to Cl VII-X in 2015
[23] Calculation: 29,000 children in Cl IV-V in 2008; 90% completion and 60% promoted to Cl XI-XII in 2015

Indicator		EFA FTI Indicative benchmark	Country base year position 2008[20] unless otherwise stated	Targets/Outcomes in 2015 under Alternative Scenarios		
				A	B	C
				Base-case scenario	Middle case scenario	High case scenario
b. Service delivery indicators in publicly-financed schools (Classes PP-X)						
Pupil–teacher ratio	Community Schools	40:1	30:1	32:1	32:1	32:1
	Primary Schools		29:1			
	Lower Secondary Schools		30:1			
	Middle Secondary Schools		27:1			
	Urban Schools		26:1			
	Very Remote Schools		34:1			
Average annual wage bill per teacher [(b)]: - inflation linked increase of 5% p/a[7]						
Existing teachers	- Bhutanese nationals (Nu)		218,700	240,000	260,000	275,000
	- non-Bhutanese (Nu)		283,500	310,000	350,000	-
	- new graduates (Nu)		173,502	200,000	210,000	220,000
Spending on school inputs – teacher salaries as % of total recurrent spending on basic education[18]			42.35%	50%	55%	60%
Spending on school inputs other than teacher salaries as % of total recurrent spending on basic education[18]		33	57.65%	50%	45%	40%
Annual instructional hours for pupils		850 --1000	1080	1080	1080	1080
% of pupils enrolled in privately-financed primary schools		10 or less	2.5%	3%	4%	5%
c. Additional costs of HIV and AIDS response		**Primarily covered under Health Sector**				
Prevention (life skills based education, etc) in HS curriculum		100% HS's	-	80%	90%	100%
Children affected by HIV/AIDS (0-19 yr olds)		-	19	10	5	0
d. Additional specific costs of addressing gender inequality		Addressed through NCWC Action Plan targets				
e. Actual/Projected Recurrent Costs (as% of GDP)						
Basic education (PP-X) [(c)]			3.23%	4%	4.5%	5%
Share of Basic Education recurrent budget in overall Education Sector spending [(d)]		42-64	49.6%%	50%	55%	60%
f. Projected Capital Costs of Classroom Construction						
Costs of providing water and sanitation (PPD proposed phases of CS construction cost estimates)						
Unit cost per school		Minimum:				
- VIP toilet block (CS)	USD 450	1 per school	-	-	-	-
- PF toilet block (CS)	USD 1000	1 per school	-	-	-	-
- Water Supply	USD 10,110	1 per school	60%[24]	80%	90%	100%
Classroom construction - Unit Cost	USD 8,153			Est. p/a	Est. p/a	Est. p/a
Estimated total classroom construction cost p/a	Nu	-	120.71	80	100	120.71
	USD		2.62	1.74	2.17	2.62

[24] Percentage of schools with sufficient water supply (General Statistics 2008)

Indicator		EFA FTI Indicative benchmark	Country base year position 2008[20] unless otherwise stated	Targets/Outcomes in 2015 under Alternative Scenarios		
				A	B	C
				Base-case scenario	Middle case scenario	High case scenario
Cost of Community School construction	USD	Unit cost per school	166,430	Est .no. required p/a (tbc)		
Cost of Primary School construction	USD	Unit cost per school	594,389	Est. no. required p/a (tbc)		
g. Actual/Projected Domestic Resource Mobilization						
Government revenues as % of GDP (inclusive of grant funding)		14-18	18.5% (2004-05)	18.5	18.5	18.5
Public recurrent resources for education						
As % of domestically-generated revenues	(estimate)	20	7.9% (2005)	10	15	20
As % of GDP	(estimate)	2.8-3.6	1.35 (2005)	2.5	2.8	3.0
h. Shortfall in domestic recurrent resources[25]						
For primary education		0	0	0	0	0
For Basic Education		0	0	0	0	0
% of shortfall comprising primary school teachers' salaries		0	0	0	0	0

Assumptions:

(b) No. of Bhutanese national teachers PP-X (extrapolated from General Statistics 2008) x 13,500 Nu av. p/m + 35% increase in salaries from Jan 09.
No. of non-Bhutanese teachers PP-X (extrapolated from General Statistics 2008) x 17,500 Nu av. p/m + 35% increase in salaries from Jan 09.
No. of new graduate teachers PP-X (extrapolated from General Statistics 2008 NIE BEd graduates) x 10,700 Nu av. p/m + 35% increase in salaries from Jan 09.

(c) Calculation based on GDP 2008 provided by GNHC from 10FYP, estimated as Nu 56,821 M.
Estimated total recurrent spending on education (central and Dzongkhag)

Secretariat	95.84 (Nu M) 2009/10	
Department of Schools	1,616.49 (Nu M)	Primary Ed Services 2009/10
Teacher Training (RUB)	157.04 (Nu M) 2009/10	
Dzongkhag Teacher Salaries	1,660.14 (Nu M) 2009/10	

Total Basic Education Planned Recurrent Budget 2,698.48 (Nu M)

(d) Table J information is used, extrapolated back to 2008/09 estimates:
Basic Education Sector recurrent budget inclusive of MoE, teacher education and Dzonghkag teacher salaries recurrent budgets = 2,698.48 Nu M
Overall outlay for the education sector (2008)

Recurrent budget	1832.88 Nu M
Capital and HRD budget	1,777.86 Nu M
Total	4,476.34 Nu M

[25] RGoB policy to meet Domestic Recurrent Budget through domestic revenue including hydro-power revenue.

Table 4A. Selected Quantitative Targets in the 3 Year Action Plan

			Base year 2008	Projections[26]			
				2009/10	2010/11	2011/12	Cumulative 2009-12
Number of students in government schools							
Primary	Cl.PP-VI	Total	106,100	108066	109165	109923	
		Girls	52,529				
Secondary	Cl.VII-X	Total	40,855	43970	46478	49163	
		Girls	20,502				
Number of new teachers in government schools							
Total graduates			420 (2007)	483	574	553	1610
Females			37%	40%	45%	50%	
Students enrolled in NIE's (2008)		Total	1264	1360	1502	1573	4435
		Female	38%	40%	45%	50%	-
Cost of textbooks to be procured & distributed							
Basic Education grades PP-X		Nu M	Nu 80 M (2007)	Nu 85 M	Nu 90 M	Nu 95 M	Nu 279 M USD 6.42 M
Number of new classrooms to be built							
Primary schools			180	180	180	180	540
Secondary schools			172	172	172	172	516
Gender Strategy							
Number of new teachers / head teachers trained in gender issues			Inclusion in all new graduate and head teacher training programmes				
Textbooks revised from a gender perspective			All new text books under revision				
Number of awareness campaigns for girls education			On-going in basic education, focused on adolescent health, etc as gender parity has been achieved. Awareness raising focused on increasing female enrolment/retention in higher secondary / tertiary levels				
Aggregate recurrent budget [(e)]							
Basic Education (PP-X)		Nu M	2,698.48	2,819.91	2,928.74	3,059.09	8,807.74
		USD M					191.47
Education Sector		Nu M	51.02	53.32	55.72	58.23	167.26
- other than Basic Education		USD M					165.35
Aggregate budget for capital/HRD investments [(e)]							
Basic Education (PP-X)		Nu M	1,777.86	1,857.87	1,941.47	2,028.84	7,606.03
		USD M					135.75
Education Sector		Nu M	200.13	209.14	218.55	228.39	656.07
- other than Basic Education		USD M					14.26

Assumptions:

(e) Projections based on breakdown in Tables G and J, inclusive of MoE, RUB (teacher education) and Dzongkhag (teacher salaries) 10 FYP budget estimates (August 2008). Increases from 2008/09 to

[26] Student projections for primary is based on the goal to reach 100% net enrolment and the population figures. Error margin of about 3% has to be included
- Student projections for VII-X is more accurate since it is based on current enrolment and repetition and drop-out figures
- enrolment and teacher graduates is based on CeO's enrolment and expected trends
- Projecting the cost of text books is very difficult, since it depends on the number of curriculum changes that are planned. For example comparing 2007 and 2006 sees in increase in cost of more then a 100%/ Since the major curriculum changes have been done, we decided to project the cost linked to the student number increase.

2009/10 reflect the estimated increase in teacher and staff salaries following the 2008/09 pay review.
Education sector other than Basic Education calculated for recurrent and capital investment (inclusive of HRD) as:
(total education sector/5) – p/a basic education
Total education sector recurrent p/a = /5

Table 4B. Performance and Disbursement of Externally Funded Primary Projects/Programmes

Contributions to the Education Sector of BHUTAN (US$ million)					
Donor Partner	**Project Name / Description**	**Disbursement**	**Projected Commitments**	**Priority Area[27]**	**Comments and Notes**
		2007/08	**2008 – 2013**		
Denmark	Education Sector Programme Support	0.332		1, 2, 3, 4, 5	January 2008- June 2013 sector budget support to social sector covering both health and education.
	Social Sector Programme Support	2.243	10.514		
Helvetas	LAN 4 School Project		0.186	1, 2, 3	
	Support for Rural Schools				
Government of India	Education Infrastructure Facilities		45.565	1	Grant aid
	Scholarship Services		10.480		
JICA	Secondary Education Services	4.364	7.986	1	Grant aid
Save the Children (US)	Primary Education Services	0.216	0.288	1, 2, 3, 4	
	ECCD Services	0.065	0.250		
	Special Education Services	0	0.250		
	Youth and Sports Services	0.228	0.750		
UNICEF	Primary Education Services	0.504	0.624	1,2, 3, 4, 5	100% direct project support Disbursement column covers Jan-Dec 2007 Project commitments 2008-2012 – ceiling given in
	ECCD Services	0.013			
	Special Education Services	0.090			
	Adult Literacy and Cont Ed	0.194			

[27] **Priority Area 1. Access** - School and classroom construction; Additional Allowances (student stipend, boarding school costs for students, etc)
Priority Area 2. Quality - Classroom and curriculum resources; Teacher professional development;
Priority Area 3. Equity - Human and physical resource capacity to expand inclusive education opportunity to eliminate disparities
Priority Area 4. Human Resource Development - Training opportunity to improve the human resource capacity of the Education Sector at all levels
Priority Area 5. Education Planning, Monitoring & Evaluation - Support to implement EMIS, NMES and QA at all levels according to need

Contributions to the Education Sector of BHUTAN (US$ million)					
Donor Partner	**Project Name / Description**	**Disbursement**	**Projected Commitments**	**Priority Area[27]**	**Comments and Notes**
		2007/08	**2008 – 2013**		
	Water and Sanitation Child and Youth Participation	0.165			Country Programme Document 2008 499,000 USD + projection for 2013 exclusive of programme support.
UNFPA	UN Support to MoE		0.085		
UNESCO	Strategic Action - poverty reduction in rural communities through non-formal education		0.012		
UNESCO	Setting up of NFE-MIS in Bhutan		0.004		
UNESCO	Preparation of Mid-Decade Assessment		0.010		
WFP	Primary Education Services	3.100	10.902	3	
The World Bank	Education Development Project	4.9	7.506	1, 2, 3, 4	Loan: USD 7.506 committed (GNHC, June 09). Budget Support of USD 40M for 2011-13 could be prioritised to Education Sector. A tied percentage to be agreed.
TOTAL COMMITTED			**95.413**		

Table 4C. Capacity Constraints and Plans to Overcome Them

Domain	Note nature of capacity constraints, if any	Describe the proposed plan to strengthen capacity
PRIORITY AREA 1. INFRASTRUCTURE DEVELOPMENT ***Procurement/Contracting Systems***		
Distribution of instructional materials	Tracking / audit of distribution system needs modernization	System being improved through regionalization and computerisation
School construction	Lack of available labour and technical specialists Traditional constr. not cost and time efficient	Training of school leavers in construction skills LGSF construction recommended for some school construction
Community school construction	Entitlement for local labour costs to be paid Construction matched to local demand Recruitment of teachers to remote locations	Increase budget for CS construction Standardised and phased construction programme Construction of staff accommodation
PRIORITY AREA 1. INFRASTRUCTURE DEVELOPMENT ***Promotion of schooling among target populations***		
School mapping to improve accessibility of schools	GIS mapping of location/ catchment, classrooms built, date of constr. facilities, T accomm, etc. needed	Database for full project management proposed
School construction and supervision	Shortage of engineers in HQ and site / Dzongkhag Difficulty of fitting designs to rough terrain	Institutional plan to establish a prefabrication unit for LGSF construction and supervisor training of school graduates
PRIORITY AREA 2. CURRICULUM AND TEACHER DEVELOPMENT ***Student assessment and curriculum development***		
Standardized testing Test banks for diagnostic testing	Human capacity constraint in test development and analysis of results	- Involvement in national education assessment strategy
Curriculum development (incl. HIV/AIDS & gender)	English, Mathematics and Dzongkha in progress – funding constraint prolongs the process of reform	- Capacity building through curriculum reform process
PRIORITY AREA 3. EQUITY ***Teacher recruitment, support and development***		
Pre-service training	- recruitment not matched to demand - shortage of trained lecturers in specialist subjects - lower % female enrolment: 38% females enrolled in CoEs in 2008 - incentive for students to choose teaching	- increased enrolment in 9FYP has led to expected achievement of 10FYP targets - provide professional development opportunity - increase female enrolment - teacher accommodation and hardship allowance
In-service training	- budget limitation for NBIP & DBIP - lack of specialist trainers in some key areas eg. SEN	- target funding at training of cluster master teachers - funding for specialist training courses
Recruitment	- Low appeal of teaching - Dependence on % non-national teachers	- raise status of teaching through incentives - gradual reduction in Non national teachers as national force is trained
Teacher evaluation	- EMSS ad hoc, not sufficiently systematic or structured	- RCSC consolidating grade levels and qualifications - QA system proposed in 10FYP
School inspection	- Central level EMSS system cannot support all schools	- Decentralisation of EMSS functions to Dzongkhags and QA systems to schools - QA system to include school self-assessment

Domain	Note nature of capacity constraints, if any	Describe the proposed plan to strengthen capacity
Managing the impact of HIV/AIDS on the teaching force	- minimal impact of HIV/AIDS - lack of specialist training	- Training in counselling for focal teachers in high schools - Responsibility shared with Ministry of Heath
PRIORITY AREA 4. HUMAN RESOURCE DEVELOPMENT ***School-level capacity***		
School head leadership	Continuation of Management Training needed for head teachers	Management training in leadership skills and standardised management systems
School Management Board	Limited participation from community members	Impacts of NFE in raising literacy levels
PRIORITY AREA 5. EDUCATION PLANNING, MONITORING AND EVALUATION ***Data for better management***		
Education Management Information System	Human capacity constraint Systems need to be standardized across sectors	EMIS specialist working in MoE and making cross-sectoral links Building capacity of MoE including EMIS decentralisation
Expenditure tracking	MoF driven system limits the flexibility of MoE to report on financial tracking at sub-sector and disaggregated levels	Results based approach and introduction of NMES will strengthen financial tracking in the education sector
PRIORITY AREA 5. EDUCATION PLANNING, MONITORING AND EVALUATION ***Administration and Management***		
National-level budgeting and financial management Sub-national government administration	MoF system does not match MoE budgeting and reporting requirements eg. budget and costs by sub-sector at national and sub-national levels	Introduction of Results-Based planning including MYRB to increase flexibility
PRIORITY AREA 5. EDUCATION PLANNING, MONITORING AND EVALUATION ***Legal/Institutional Framework***		
Enactment of laws to facilitate EFA FTI implementation	No legally binding constitution until now	New constitution adopted in July 2008 including basic education as a constitutional right - not compulsory
Removal of legal impediments to primary education		

Table 5. Consultation with Stakeholders

Stakeholders	Date (s) of past / planned consultation	Format/duration of consultation	Comment on quality of consultation and any issues raised
Government			
Legislature	2008	Clarification with MoE on Constitution Article 9.16	Clarifications provided by MoE have been referenced in this report
Ministry of Finance	2005-2008	Clarifications on annual and plan period budget	Data requested by the appraisal team has been used in this report
National Commission for Women and Children (NCWC)	2008	Discussion on planned activities for 10FYP and finalisation of NAP	Information incorporated in this report
Gross National Happiness Commission (GNHC)	2008	Discussion on education sector projections for 10FYP	Data from draft 10FYP requested by the appraisal team, provided by GNHC for inclusion in this report.
MoE PPD and Schools Division	2005-2008	Minister, Secretary, FTI focal point, planning officers and Divisional Directors - active participation in individual and technical group meetings	Guidance /information sharing on education sector 10FYP, school statistics and education policy throughout the consultative process
Royal University of Bhutan (RUB)	2008	HRD involvement in consultative process	Clarifications on 10FYP for teacher education
Civil Society			
Civic and/or indigenous groups	2008	Indirect consultation: NCWC– information on Child Protection initiatives SC (US) – information on support activities for out-of-school youth and young offenders MoE – discussion on EFA in relation to children in monastic schools	
Stakeholders			
Principals, Teachers, Administrators, Inspectors, Parents, Students, Local Community		No direct consultation by the appraisal team. Participation by representative bodies in the education sector 10FYP process eg Annual Education Conference and District Planning Process	
Bilateral agencies Denmark Canada JICA Save the Children (US) UNICEF UNDP UNFPA WFP The World Bank	2006-2008	All DPs who are signatories to the Appraisal Report have participated in the on-going consultation process through DP meetings, circulation of Draft documents for comment and feedback and individual consultations with representatives from each DP office.	All requests for clarifications from DPs have been followed up with the relevant line ministry / division (MoE, MoF, GNHC, NCWC). All comments and feedback from DPs have been incorporated into this report.
GOI	2007-2008	Consultation between GOI and UNICEF – agreement not to participate in main DP consultation process	

Table 6. Summary of Technical Appraisal

Domain of evaluation	Summary comment	Score [a/]
1. Knowledge base underpinning the sector plan		
What is its quality, judging from the available documentation?	Thorough and systematic planning process including Vision 2020, Education Sector Plan, PRSP, 10FYP and process of mid-term review of FYP.	4
What critical gaps in the data and analysis remain?	Standardized and systematic EMIS / PMIS and FMIS for retrieval of valid and reliable data. In particular School Mapping and needs based teacher recruitment and deployment is needed to overcome regional disparities.	2
2. Content of the sector plan in terms of strategic long-term direction		
To what extent is it fiscally viable?	Viable with continuing sustained and increased funding support to meet capital costs in prioritised areas – community school construction, secondary school construction, HRD development and support to teachers in remote locations. DP financial reviews have been positive. UNDP are supporting the MTEF and MYRP capacity development.	3
How sound are the tradeoffs it makes in coverage & service delivery?	Sound, based on concern to reach those unreached and to distribute resources equitably including improved conditions in remote locations. Recurrent costs met by MoE/RGoB	3
3. Content of the short-term action plan		
Are budget allocations in the MTEF consistent with the plan's ambition?	Yes, matched to 10FYP. New planning, budgeting, monitoring and reporting process being initiated for 10FYP through GNHC/UNDP towards harmonisation	3
How feasible are the plans for scaling up?	Feasible if funding commitments are met – increased MT cost of CPS construction and MT cost of teacher salaries as more teachers gain BEd will place strain on the budget.	3
How ready is the plan for implementation?	The plans in principle are ready. Work required on financing and mobilization / saturation levels will form part of the 10FYP process	3
How well will the most important capacity constraints be addressed?	Very well – already identified priorities will be included in internal and external funding targets	3
4. Consultation with stakeholders		
How strongly has the plan been endorsed by other parts of government, esp. the Ministry of Finance?	Endorsed in the MTEF and five year budgets – CPS construction costs to be endorsed	3
How acceptable is the plan to key stakeholders in the education system?	Education Sector Plan scrutinised and endorsed by key stakeholders in the education system	4
How acceptable is the plan to members of civil society?	10FYP to be approved later in 2008 as an initial task of the newly elected democratic government under the new constitution	4
How strongly has the plan been endorsed by the donor community?	Education Sector Plan fully endorsed by the donor community after consultations and clarification relating to commitment on short, medium and long term EFA goals	4
Overall Appraisal		

a/ Using a scoring system (e.g. from 1 – very poor– to 4 –very good) has the virtue of collapsing a large amount of information into a single number. While this makes it easier to gauge where the country comes out, the scores are obviously not intended to be used mechanically.

ANNEX 1 Excerpt from Guidelines for the Provision for Budget Support, MFA Denmark, September 2007

The Aid Management Guidelines (AMG) glossary defines the modality of general budget support as "financial support from a donor that is channelled into the general treasury account of a recipient country where, as an integral part of the resources herein, it co-funds the national budget. The support is thus not earmarked, and it is used according to the national public expenditure management rules and procedures."

Sector budget support is defined as "financial support from a donor that is channelled into the general treasury account of a recipient country where, as an integral part of the resources herein, it co-funds the national budget of a particular sector. The support is thus nominally earmarked, and it is used according to the national public expenditure management rules and procedures."28

Budget support is, however, more than the mere transfer of funds. It is a package consisting of several inputs, whose combination is the key to achieving the envisaged results: the funds, continuous policy dialogue on critical development issues, conditions regarding policies and reforms as well as resource allocation, support for capacity development, and monitoring of performance and progress, including progress in poverty reduction.

It is also important to note that budget support is 'aligned' not only in the 'systemic', but also in the 'strategic' sense. In Danish aid – as in that of most other development partners – budget support is always provided in support of the partner country's poverty reduction strategy or similar national development strategy: in the case of general budget support, the strategy as a whole; in the case of sector budget support, the relevant sector component of that strategy, usually expressed in a sector strategy or programme. Accordingly, these partner documents may be termed the 'underlying programme documents' of the budget support, together, not least, with their financing strategies, i.e. The MTEF/MTFF and the annual budgets, as well as government plans and strategies for macroeconomic management and cross-sector reforms, such as public sector reform and public finance management reform.

The difference between general and sector budget support is hardly as clear-cut as often assumed. Even in general budget support, the dialogue, conditionality and monitoring may comprise significant sector-related elements (typically regarding the social sectors). Conversely, in sector budget support, the dialogue, conditionality and monitoring may contemplate overall and cross-cutting issues, e.g. In public finance management or public sector reform the recent international evaluation of general budget support coined the term 'Partnership GBS' (PGBS). This reflects the lesson learned over many years of structural adjustment credits, balance-of-payments support and budget support, namely that conditionality works only when its rationale is shared between the development partners and the partner government (i.e. it must correspond to the partner government's own priorities and intentions). [p. 5 ff.]

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[28] Budget support (whether general or sector) can never be earmarked in the strict sense of the word: the donor funds, once disbursed, are indistinguishable from the domestic funds available to the treasury. However, to clarify that sector budget support is meant to support the attainment of particular (sector) objectives (as distinct from the overall poverty reduction objective of the prs or similar), the concept of 'notional earmarking' is becoming accepted to describe the character of sector budget support, indicating that the focus of the parties is on the selected sector in terms of monitoring, policy dialogue, and conditionality. This applies regardless of whether the support is conditional on particular allocations (such as requiring that a certain proportion of the national budget be spent in the sector, or that additional funds be set aside for the sector).