Nepal: Summary of EFA FTI Endorsement Documents
FTI Secretariat, August 2009

Introduction and background. Nepal is a land-linked country, located between China and India, and is characterized by significant geographical and social diversity. Its 27 million people come from more than 100 caste/ethnicity groups and speak more than 90 languages and dialects. With an annual per capita income of about US$ 470 (FY2008), Nepal remains among the poorest countries in the region (142nd out of 177 on the Human Development Index). The country has witnessed significant political transformation in the recent past, and is beginning to emerge from a protracted period of instability and internal strife[1]. It has recently transitioned from being a constitutional monarchy to a republic state, and elected a Constituent Assembly that is primarily tasked to drafting a new Constitution. The average GDP growth at constant prices has been around 3% since 2000. The headcount poverty rate decreased from 42 percent in 1996 to 31 percent in 2004[2]. Maternal mortality rate and child malnutrition rates remain one of the highest in the region. Despite an overall progress in many of the human development indicators, there is considerable disparity across populations from different caste/ethnicity groups, geographic locations and income quintiles.

The situation of the education system in Nepal: The education expenditure as a share of GDP and as a share of government budget averaged around 3.7 percent and 17 percent. In 2008, primary education accounted for roughly 63 percent of the education budget. Per student spending in primary grades (1-5) has seen a dramatic increase from $35 in 2004 to $65 in 2008. The Net Enrolment Rate (NER) at the primary level (Grades 1-5) has reached 92 percent in 2009, an increase from 67 percent in 1995. Gender Parity has been achieved at the primary and lower secondary (grades 6-8) with a Gender Parity Index (GPI) of 0.98 and 0.96 respectively. Despite the substantial progress in the provision of schooling services and in progress towards achieving EFA and MDG goals, significant challenges remain. Nearly 8 percent of primary-school aged children do not participate in schooling, and these shares increase sharply for higher levels of schooling, with a 30 percent drop out in primary grades. Secondly, internal efficiencies continue to be poor at the primary level with nearly 16 percent of children dropping out after Grade 1, and 30 percent who repeat the grade. Grade 5 survival rate[3] is less than 60 percent, and many who complete Grade 5 do not transition to Grade 6. Thirdly, direct measures of quality, reflected through student learning assessments show very poor levels of learning and barely any improvements in learning outcomes in Grades 3 and 5. The quality of learning assessments continues to be weak and there is still no system in place for regular measurement of learning achievements.

General observations on the plan. The School Sector Reform Plan (SSRP) is a long-term strategic plan starting from the fiscal year 2009/10 till 2015/16 and it is a continuation of the on-going programs such as Education for All (EFA), Secondary Education Support Program (SESP), Community School Support Program (CSSP) and Teacher Education Project (TEP). The SSRP also introduces new reforms characterized by strategic interventions such as the restructuring of school education, improvement in quality of education, and

[1] Given the recent conflict, a peace filter was developed to ensure that the program design ensured that no one was made worse off due to the design of the project.
2 Nepal Poverty Assessment, 2006.
[3] Calculated using the cohort method.

institutionalization of performance accountability. By putting forward these reform initiatives, the plan has placed emphasis on the access of the out-of-school populations and has emphasized the learning of all children by raising efficiency and enhancing effectiveness in the delivery of services in the education sector. The cost of the SSRP for five years is estimated US$ 2.63 billion with an indicative envelope of US$ 2.35 billion from the Government of Nepal (GON) and Development Partners (DPs), with the DPs tentatively committing about US$ 500 million. It is estimated that a financing gap of approximately US$ 254 million or about 9.7 percent of the overall program cost remains.

The plan is an exhaustive, sector-wide plan, with a wide range of ambitious targets and policies on all sub-sectors. It is in line with the FTI objectives. These achievements have benefited from Nepal pushing some critical reforms which have been implemented during periods of instability over the past decade. These key reforms include but are not limited to: (i) devolution of decision making powers to communities and school management[4]; (ii) the expansion of demand-side intervention schemes to bring children from marginalized groups to the schooling process including per child financing and scholarships; (iii) the decentralization of teacher hiring through the provision of teacher salary grants; (iv) opening up of the textbook printing and distribution system to private sector players in select regions of the country, and (v) harmonizing support from across many DPs behind a set of coherent and common objectives in education. For the SSRP, the GON has committed itself to policy continuity and strengthening.

The donors' appraisal report provides a comprehensive review of the SSRP's strategic context and rationale, background, implementation, results and monitoring, and financial management. The donors' appraisal does not specifically use the EFA FTI Appraisal Guidelines, however issues raised by the donors have been addressed and key education indicators from the FTI documents have been identified. The donors assessed that the government of Nepal is committed to ensuring educational access to all and improving the quality of school education. The GON has partnered with a number of development partners for a series of national basic primary education projects. A key to the reform has been the devolution of education management to communities.

GON wishes to move toward eventual free and compulsory basic education in which all children will complete a full 8 years of education. Unfortunately, the GON does not have the resources to fund this policy and is relying on community contributions to cover an estimated third of all schooling costs. One of the primary objectives of the SSRP is to bring the hardest to reach children into schools and access to a good quality education. The SSRP was prepared in close consultation with key stakeholders, including other line ministries, representatives of special groups, such as, Indigenous Peoples, *Dalits*, *Janajatis*, and People with Disabilities (PWDs), and DPs. The SSRP recommends the concepts for gender-sensitivity, and diversity to target vulnerable communities.

As a commitment to the Paris Declaration on Aid Effectiveness, nine DPs will pool their resources with the GON to support budget lines that fund the SSRP. They have also strived to reach a high degree of alignment with the budgetary and accountability system within the GON. These implementation arrangements are similar to those employed for the

[4] The Government's policy of local ownership through community management has been an important means of developing an accountability mechanism which relies largely on the relationship between the community and the school. This has proven to be an invaluable reform at a time when most other government services had come to a standstill due to the years of conflict.

implementation of the EFA program. However, the DPs agreed that changes in the implementation modality will be agreed to only when firm sub-national structures have been established and are in place.

Government of Nepal
School Sector Reform 2009-2015

Table 1: A summary of the Key SSR Indicators, Base-Year Status and 2015/16 Targets

Indicators	Unit	Base Years		Targets						
		2007/08	*2008/09*	*2009/10*	*2010/11*	*2011/12*	*2012/13*	***2013/14***	*2014/15*	***2015/16***
1. Share of Education Budget in										
GNP	%	2.0	2.1	2.1	2.2	2.3	2.3	**2.4**	2.5	**2.5**
GDP	%	3.5	3.6	3.6	3.7	3.7	3.8	**3.8**	3.9	**4.0**
2. Share in Education Budget										
Basic Education	%	70	71	71	72	73	74	**74**	75	**76**
Secondary Education	%	9	9	9	9	9	9	**9**	9	**9**
3. Grade 1										
New entrants with ECED experience	%	33	36	41	45	51	57	**64**	71	**80**
Gross Intake Rate	%	141	148	144	140	137	133	**130**	127	**123**
Net Intake Rate	%	78	81	83	86	88	91	**94**	97	**100**
4. Gross Enrolment Rate										
ECED/Pre primary	%	60	63	67	72	77	82	**87**	93	**99**
Basic Education (1-8)	%	116	123	125	128	130	132	**132**	131	**131**
Secondary Education	%	36	40	43	47	52	58	**66**	75	**83**
5. Net Enrolment Rate										
Primary Education	%	89	92	94	96	97	98	**99**	99	**100**
Basic Education	%	71	73	75	77	80	82	**85**	87	**90**
Secondary Education	%	20	21	22	23	24	26	**27**	29	**31**
6. Teachers with required qualification and training										
Basic Education	%	62	66	70	74	79	83	**88**	94	**100**
Secondary Education	%	74	77	80	83	86	89	**93**	96	**100**
7. Teachers with required Certification										
Basic Education	%	90	91	92	94	95	96	**97**	99	**100**
Secondary Education	%	90	91	92	94	95	96	**97**	99	**100**
8. Pupil Teacher Ratio										
Basic Education	Ratio	44	43	41	40	39	38	**37**	36	**34**
Secondary Education	Ratio	42	39	37	34	32	30	**28**	26	**25**
9. Repetition Rate										
Grade 1	%	28	18	12	8	5	3	**2**	1	**1**
Grade 8	%	13	11	9	7	6	5	**4**	3	**2**
10. Survival Rate by cohort method										
Grade 5	%	54	58	61	65	70	74	**79**	84	**90**
Grade 8	%	37	41	45	49	54	60	**66**	73	**80**
11. Coefficient of Efficiency										
Basic Education	Ratio	0.46	0.49	0.52	0.55	0.59	0.62	**0.66**	0.71	**0.75**
Secondary Education	Ratio	0.30	0.33	0.36	0.39	0.42	0.46	**0.50**	0.55	**0.60**
12. Learning Achievement		**Average Score of students in core subjects in grade 5 and 8**								
Grade 5	%	50	53	56	60	63	67	**71**	75	**80**
Grade 8	%	44	46	48	49	51	54	**56**	58	**60**
13. Pass Rate		**Percentage of students passed in the SLC and HSE National Examination**								
SLC	%	60	62	64	65	67	69	**71**	73	**75**
Higher Secondary	%	23	25	28	31	34	37	**41**	45	**50**
14. Literacy Rate		**Percentage of literate people**								
Age Group 15-24	%	73	75	78	80	83	86	**89**	92	**95***
Age Group 6+ years	%	63	69	76	78	80	83	**85**	88	**90***
Age Group 15+ years	%	52	56	60	62	64	67	**70**	72	**75***
15. Literacy GPI (15+)	Ratio	0.61	0.74	0.90	0.92	0.93	0.95	**0.96**	0.98	**1.00***

Government of Nepal
School Sector Reform 2009-2015
Table 2: Summary of Key SSR Indicators, Base-Year Status and 2015/16 Targets

Indicators	Unit	Base Years		Targets						
				2009/10-2013/014					2014/15-2015/016	
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
1. Share of Education Budget in	%									
GNP		2.0	2.1	2.1	2.2	2.3	2.3	2.4	2.5	2.5*
GDP		3.5	3.6	3.6	3.7	3.7	3.8	3.8	3.9	4.0
2. Share in Education Budget	%									
Basic Education		70	71	71	72	73	74	74	75	76
Secondary Education		9	9	9	9	9	9	9	9	9
3. Grade 1										
New entrants with ECED experience	%	33	36	41	45	51	57	64	71	80
Gross Intake Rate	%	141	148	144	140	137	133	130	127	123
Net Intake Rate	%	82	84	86	88	91	93	95	98	100
4. Gross Enrolment Rate	%									
ECED/Pre primary		60	63	67	72	77	82	87	93	99
Basic Education		116	123	125	128	130	132	132	132	131
Secondary Education		36	40	43	47	52	58	66	75	83
5. Net Enrolment Rate	%									
Primary Education		89	92	93	94	95	96	98	99	100
Basic Education		71	74	76	78	80	83	85	87	90
Secondary Education		20	21	22	23	24	26	27	29	31
6. Teachers	%									

Indicators	Unit	Base Years		Targets						
				2009/10-2013/014					2014/15-2015/016	
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
with required qualification and training										
Basic Education		62	66	70	74	79	83	88	94	100
Secondary Education		74	77	80	83	86	89	93	96	100
7. Teachers with required Certification	%									
Basic Education		90	91	92	94	95	96	97	99	100
Secondary Education		90	91	92	94	95	96	97	99	100
8. Pupil Teacher Ratio	Ratio									
Basic Education		44	43	41	40	39	38	37	36	34
Secondary Education		42	39	37	34	32	30	28	26	25
9. Repetition Rate	%									
Grade 1		28	18	12	8	5	3	2	1	1
Grade 8		13	11	9	7	6	5	4	3	2
10. Survival Rate by cohort method	%									
Grade 5		54	58	61	65	70	74	79	84	90*
Grade 8		37	41	45	49	54	60	66	73	80
11. Coefficient of Efficiency	Ratio									
Basic Education		0.46	0.49	0.52	0.55	0.59	0.62	0.66	0.71	0.75
Secondary Education		0.30	0.33	0.36	0.39	0.42	0.46	0.50	0.55	0.60
12. Learning Achievement	%	Average Score of students in core subjects in grade 5 and 8								
Grade 5		50	53	56	60	63	67	71	75	80*
Grade 8		44	46	48	49	51	54	56	58	60

Indicators	Unit	Base Years		Targets						
				2009/10-2013/014					2014/15-2015/016	
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
13. Pass Rate	%	Percentage of students passed in the SLC and HSE National Examination								
School Leaving Certificate		60	62	64	65	67	69	71	73	75
Higher Secondary Education		23	25	28	31	34	37	41	45	50
14. Literacy Rate	%	Percentage of literate people								
Age Group 15-24		73	75	78	80	83	86	89	92	95*
Age Group 6+ years		63	69	76**	78	80	83	85	88	90*
Age Group 15+ years		52	56	60**	62	64	67	70	72	75*
15. Literacy Gender Parity Index (15+ years)	Ratio	0.61	0.74	0.90**	0.92	0.93	0.95	0.96	0.98	1.00*

* From NPA, EFA, **Interim Plan