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PROJECT PERFORMANCE ASSESSMENT REPORT

NEPAL

**COMMUNITY SCHOOL SUPPORT PROJECT
(CR. 3808)**

JUNE 28, 2010

*Sector Evaluation Division
Independent Evaluation Group*

Currency Equivalents (annual averages)

Currency Unit = (rupee)

Community School Support Project

As of March 2003 (Months before Appraisal)

US\$1 = NPR 78.3

NPR 1 = US\$0.0133

As of September 30, 2008

US\$1 = NPR 73.22

NPR 1 = US\$0.013657

Abbreviations and Acronyms

BPEP	Basic and Primary Education Project	NGO	Nongovernmental organization
CAS	Country Assistance Strategy	NLSS	Nepal Living Standards Survey
CERID	Center of Educational Innovation and Development	NORAD	Norwegian Agency for Development Cooperation
CSSP	Community Schools Support Project	OECD	Organization for Economic Cooperation and Development
DANIDA	Danish International Development Agency	PAD	Project Appraisal Document
DCA	Development Credit Agreement	PCU	Project Coordination Unit
DDC	District Development Committees	PISA	Programme for International Student Assessment
DFID	United Kingdom Department for International Development	PIU	Project Implementation Unit
EFA	Education for All	PHRD	Policy and Human Resources Development
EMIS	Educational Management information system	PPAR	Project Performance Assessment Report
EU	European Union	PRSP	Poverty Reduction Strategy Paper
FTI	Fast-Track Initiative to achieve Education for All	PRSC	Poverty Reduction Strategy Credit
GDP	Gross domestic product	QAG	Quality Assurance Group
ICR	Implementation Completion Report	SAR	Staff Appraisal Report
IDA	International Development Association	SMC	School management committee
IEG	Independent Evaluation Group	SWAP	Sector-Wide Approach
ISR	Implementation Status and Results Report	TIMSS	Trends in International Mathematics and Science Study
JICA	Japan International Cooperation Agency	VDC	Village Development Committees
LIL	Learning and Innovation Loan	UNESCO	United Nations Educational, Scientific, and Cultural Organization
MoES	Ministry of Education and Science	UNICEF	United Nations Children's Fund

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IEGWB Mission: Enhancing development effectiveness through excellence and independence in evaluation.

About this Report

The Independent Evaluation Group assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the Bank's self-evaluation process and to verify that the Bank's work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, IEGWB annually assesses about 25 percent of the Bank's lending operations. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which Executive Directors or Bank management have requested assessments; and those that are likely to generate important lessons. The operations, topics, and analytical approaches selected for assessment support larger evaluation studies.

A Project Performance Assessment Report (PPAR) is based on a review of the Implementation Completion Report (a self-evaluation by the responsible Bank department) and fieldwork conducted by IEGWB. To prepare PPARs, IEGWB staff examine project files and other documents, interview operational staff, and in most cases visit the borrowing country to discuss the operation with staff of the Bank and the government, other stakeholders, and beneficiaries. The PPAR thereby seeks to validate and augment the information provided in the ICR, as well as examine issues of special interest to broader IEGWB studies.

Each PPAR is subject to peer review and IEGWB management approval. Once cleared internally, the PPAR is reviewed by the responsible Bank department and amended as necessary. The completed PPAR is then sent to the borrower for review; the borrowers' comments are attached to the document that is sent to the Bank's Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

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Outcome: The extent to which the operation's major relevant objectives were achieved, or are expected to be achieved, efficiently. The rating has three dimensions: relevance of objectives, efficacy, and efficiency. *Relevance of objectives* is the extent to which the project's objectives are consistent with the country's current development priorities and with current Bank country and sectoral assistance strategies and corporate goals (expressed in Poverty Reduction Strategy Papers, Country Assistance Strategies, Sector Strategy Papers, Operational Policies). *Efficacy* is the extent to which the project's objectives were achieved, or expected to be achieved, taking into account their relative importance. *Efficiency* is the extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives. The efficiency dimension generally is not applied to adjustment operations. *Possible ratings:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Risk to Development Outcome: The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). *Possible ratings:* High, Significant, Moderate, Negligible to Low, Not Evaluable.

Bank Performance: The extent to which services provided by the Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of supported activities after loan/credit closing, toward the achievement of development outcomes. The rating has two dimensions: quality at entry and quality of supervision. *Possible ratings:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Borrower Performance: The extent to which the borrower assumed ownership and responsibility to ensure quality of preparation and implementation, and complied with covenants and agreements, towards the achievement of development objectives and sustainability. The rating has two dimensions: government performance and implementing agency performance. *Possible ratings:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

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<p>This report was prepared by Helen Abadzi, who assessed the project in September 2008. Marie-Jeanne Ndiaye provided administrative support.</p>

Principal Ratings

	<i>ICR*</i>	<i>ICR Review*</i>	<i>PPAR</i>
<i>Community School Support Project (Cr. 3808)</i>			
Outcome	Satisfactory	Unsatisfactory	Unsatisfactory
Risk to Development Outcome	Negligible to low	Significant	Significant
Bank Performance	Satisfactory	Unsatisfactory	Unsatisfactory
Borrower Performance	Satisfactory	Moderately Satisfactory	Moderately Satisfactory

* The Implementation Completion Report (ICR) is a self-evaluation by the responsible operational division of the Bank. The ICR Review is an intermediate IEG product that seeks to independently verify the findings of the ICR.

** According to the 2006 harmonization guidelines, sustainability has been replaced with a "risk to development outcome" rating.

Key Staff Responsible

	<i>Task Manager/ Leader</i>	<i>Division Chief/ Sector Director</i>	<i>Country Director</i>
<i>Community School Support Project (Cr. 3808)</i>			
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Preface

This is the Project Performance Assessment Report (PPAR) on an education project in Nepal. The Community School Support Project (Cr. 3808) in the amount of US\$5 million equivalent was approved on June 30, 2003. The credit closed on September 30, 2008 after two extensions totaling 24 months, and fully disbursed.

The PPAR was conducted to assess the outcomes of Bank policy and investments in a low-income country that underwent a period of civil conflict and political upheaval.

The document is based on the following sources: Implementation Completion Report (ICR), Project Appraisal Document (PAD), Development Credit Agreement (DCA), PHRD Grant Agreement, and project files, particularly the supervision reports. Also, IEG consulted the research literature, reports on Nepal, and data on schooling trends. An IEG mission visited Nepal in September 2008 to interview officials, donors, and beneficiaries, observe instruction in schools, and collect other pertinent information. Field visits took place in Kathmandu, Dulikhel, Okhreni, and Charikot districts. The author thanks the government officials who received the mission for their extensive cooperation.

Following standard IEG procedures, copies of the draft PPAR were sent to government officials and agencies for their review and comments. The Borrower's response has been taken into account in the report and included as Annex E.

Summary

This document reviews the performance of the Community School Support Project (Cr. 3808) approved in FY03.

The *Community School Support Project* was supported by a Learning and Innovation Loan (LIL) that aimed to develop a knowledge base for the successful transfer of school management responsibility to local communities following legislation that devolved decision-making powers to that level. The project financed social mobilization and a menu of grants as incentives for school committees to accept formal management of their schools. According to the project design, the committees that agreed to do so were expected to raise funds, enroll out-of-school children, and be accountable to other school committees, such as parent-teacher associations and monitoring committees. The project surpassed its target of formally transferring 1,500 schools to community management. However, implementation suffered from fiduciary challenges and resistance by teachers' unions and insurgents. Deficiencies in the evaluation design impeded formation of the knowledge base needed to learn what could help communities manage schools effectively.

The development objectives of this project were *substantially relevant* to the country's human resource development, but the relevance of project design was *negligible*. Project objectives were not clearly stated and design documents did not specify which responsibilities would be transferred to communities. There was no evaluation design on the basis of which the formal school transfer could be assessed. The overall rating for relevance was *modest*.

The outcome of the *Community School Support Project* is rated *unsatisfactory*. Despite the use of a LIL, the project did not generate the knowledge base needed to determine what makes for successful transfer of school management responsibility to local communities and to determine what the effects of transfers are on quality of learning and efficiency of resource use. Risk to development outcome is rated *significant*, because community involvement in poorer areas may be limited or financially unsustainable without extra funding. Bank performance is rated *unsatisfactory*. The Bank used a LIL to test certain incentives in promoting school management, but failed to design an evaluation system that would establish cause-effect relationships; instead it financed in subsequent projects a scale up of the experiment before adequately evaluating the results. Also, it did not sufficiently consult with all key stakeholders on project design. Finally, borrower performance is rated *moderately satisfactory*; the government agreed to the project strategy but many implementation arrangements did not materialize, and district education staff often had limited knowledge about the grants and terms offered under the project.

This assessment provides a number of lessons for the education sector:

- Community management of schools offers many potential benefits, but it is important to understand what communities of different educational and income levels are likely to implement. The education of the poorest children should not depend heavily on the means available to the very poor communities.

- Before scaling up pilot activities, it is important to evaluate those pilots using robust evaluation designs. In particular, LILs should strive to create best practice in evaluation in order to maximize learning.
- Major educational reforms should be based on solid analytical work and take into account relevant research and evaluations of similar experiences elsewhere. There is little evidence that the design of the CSSP drew on research and evaluation findings of experiences with community management of schools, particularly as it relates to learning quality and outcomes, further compounding the lack of robust evaluation carried out under the LIL itself.

Vinod Thomas
Director-General
Evaluation

1. Background

1.1 Nepal is a largely mountainous, predominantly agricultural country with a US\$340 per capita income. The terrain and the country's cultural norms have impeded access to education for women, minority ethnic groups (janjatis) and lower-caste Hindus (dalits).¹ Schooling opportunities for women have improved over time, but social disparities in access to education have remained high; in 2001, gross primary enrollment in the poorest fifth of households was only 22 percent compared to 90 percent enrollment in the wealthiest fifth.²

1.2 Alleviating the poverty of socially excluded groups, particularly women, became an important goal of Bank and donor strategy. Lending started in 1978 with two technical education projects, but the Bank soon focused on access to primary education through the Education III project; it then continued with the first and second Basic and Primary Education Projects (BPEP I-II). Following the completion of BPEP II in 2004, the Bank co-financed, along with eight other donors, an Education for All (EFA) project (to be completed in January 2010), and it approved a School Sector Reform Program project in September 2009 (Annex B, Table 1).

1.3 Community management and user groups have been Nepalese traditions in multiple sectors. Until 1971, the country's educational system consisted of about 4,000 schools, mainly for the upper castes, which were managed by community committees.³ In 1971 the National Education System Plan made all schools public, and the lower castes were eventually permitted to enroll. Generally school management committees that had traditionally run schools continued to exist, though they were often politically appointed (Carney and Shrestha 2009).

1.4 Social inequities gave rise to a civil war that started in 1996, intensified in 1999, and ended effectively in 2007. The projects implemented in Nepal in the early 2000s were affected at various times by the civil war. About 2,000 schools (out of about 25,000) closed at some point. The need to flee conflict areas affected the education of about 250,000 children that often crowded classrooms in the Tarai region. Many supervisors could not visit their posts or visited only those close to roads. Some regional education offices were damaged, and records were destroyed.

1.5 Institutional weaknesses, geographical isolation, and the civil war revived government interest in community management of schools. In 1999, a Self Governance Act was passed, decentralizing the management of services to sub-national level of

¹ World Bank Country at a Glance, 2008; Janjatis account for about 37 percent of the population, and dalits for about 13 percent (Gurung 2002). About 42 percent of Nepalis are illiterate, 28 percent have only primary education, 32 percent secondary and 1.6 percent higher education (Yadav 2008).

² World Bank (2001), p. 7 and Basic and Primary Education Project II (BPEP II) Project Appraisal Document (PAD), p.58. Nepalese schools offer primary education (grades 1-5), lower secondary education (grades 6-8), secondary education (grades 9-10) and higher secondary education (grades 11-12). The Department of Education regulates grades 1 to 10, and the Higher Secondary Education Board grades 11-12. Schools tend to have primary and secondary grades in one facility.

³ G. Shrestha et al. 2002.

government (municipalities/villages and district levels) and strengthening community participation in their management for sectors such as education, health, drinking water, irrigation and forestry. Support for decentralized decisions in education has become an integral part of the government and donors' education strategy. The Bank has also supported community management in almost all sectors through investment credits and the First Poverty Reduction Support Credit (PRSC; FY06).⁴ Furthermore, the Basic and Primary Education Project (BPEP II), approved in 1999, supported community management in all schools of the country and built capacity at the central, district and local levels to support all committees (IEG 2009). Under BPEP II, the Department of Education undertook extensive training to promote decentralization policies and strengthen field staff competencies at district and local education offices (e.g. inspectors and supervisors were trained on financial management). A number of evaluative studies were also undertaken to study the effects of community management vis-a-vis other factors influencing student learning.

1.6 In 2001 the Education Act was amended to provide a legal framework for partnerships between elected local governments (municipalities for urban areas, Village Development Committees (VDC) for rural areas and District Development Committees (DDC)) and the central government at the national and sub-national levels (mostly district level administration of line ministries). All public schools were designated as "community schools" and were to be managed by a School Management Committee (SMC). The regulations provided for a committee consisting of one chair and three parental members, including one female, to be selected by the parents from among themselves. Members include the Ward president of the VDC or Municipality where the school is situated, one person nominated from among the founders of the school or donors to the school, one teacher selected by the teachers, and the headmaster, who is also the secretary.⁵ The Act did not specify the procedures for committee member selection.

1.7 Before the BPEP II appraisal there was a pilot of organizing committees consisting mainly of parents, including mothers. Community responsibilities included hiring and paying temporary teachers, reviewing annual school performance, controlling school finance, managing school property and funds, mobilizing additional resources, distributing textbooks and scholarships, nominating teachers for training, and drawing up school improvement plans. These tasks would be performed through the head master (BPEP II PAD, p. 60).

1.8 A 2006 study of schools in three districts (regular and transferred) found that community-based monitoring was functional in many schools (CERID 2006; also see Annex B Table 3), but overall had many limitations. There were no conceptual frameworks or minimum standards, training for committees had been insufficient, and the task was perceived differently by different people. In particular, *the study found that committees did little monitoring or supervision of classroom instruction*. The better educated committees tried to ensure that students did homework, but less educated communities had little interest in the school. School development initiatives were taken by

⁴ PRSC ICR, p. 1. The PRSC priorities included strengthening community user groups in irrigation and rural roads and also a handover of sub-health posts to management committees.

⁵ Nepal Education Act 2028 (1971), as amended by the Seventh Amendment 2058 (2001) and in effect since 2002.

individual committee chairs rather than member teams, but many chairmen were not guardians of students, and their interests in education were unclear. For example, only 34 percent of preschool chairmen were actual guardians of children in the school. The study also found that leadership of the head teacher was crucial.⁶ The findings raised questions regarding the effectiveness of school management committees as the central strategy for improving educational quality, particularly in low-income areas.

1.9 A longitudinal study (2002-2006) found that in general, school-level planning had a positive and significant effect on student promotion rates, even controlling for socioeconomic status (CERID 2007). The effect may to some extent indicate teacher quality; teachers were involved heavily in formulating school improvement plans, and it is possible that the schools with more task-oriented teachers were able to plan better and also help students learn more. Also, school-level expenditures had a highly positive effect on examination score and promotion, although controlling for students' background reduced the magnitude of the effect. This finding suggests that community fundraising may significantly contribute to learning outcomes. Thus better-off communities may give their students an advantage separate from management effects.

1.10 The projects after BPEP II (see para. 1.2) continued to fund various initiatives in all schools, but emphasis was placed on empowering communities by offering them a formal transfer of responsibility along with various incentives. This methodology was piloted through the Community Schools Support Project (CSSP) and adopted by subsequent projects. Various sections of this report discuss relevance, implementation experience, mission visits,⁷ and evidence regarding the extent to which the activities and inputs of the Community Schools Support Project may have contributed to outputs, outcomes, and impacts.

2. Project Objectives, Relevance, and Implementation

2.1 The Community School Support Project was a US\$5 million LIL that became effective in 2003. As mentioned earlier, BPEP II financed training and inputs to help *management committees in all schools of the country* operate schools more effectively (IEG 2009). By contrast, this LIL tested a model that was applicable only to committees in the entire country that agreed, after an advocacy process, to take over formally the responsibility of managing their schools (objectives in Table 2-1). As an *incentive*, committees would receive a one-time grant of about US\$1,200 (NRS 100,000) to use as they saw fit and become eligible to apply for a menu of other grants. The committees would have to be democratically elected, prepare action plans for the school, raise funds, and be accountable for expenditures to other school committees that would be formed for

⁶ CERID 2006, p. 6.

⁷ The IEG mission visited nine schools in Kathmandu, Dulikhel, Okhreni, and Charikot districts: Viswaniketan primary and secondary school, Kathmandu; Samajik Kalyan primary school, Dulikhel; Kalika Praveen school, Manthali; Sri Janakalyan, Okhreni district; Gaurishankar higher secondary school, Ramechhap; Banghari primary and lower secondary school, Ramechhap; Bhimeshwar primary school, Ramechhap; Sri Janavijaya primary, rural Charikot, Bhairawi secondary school, Sunarpani, Charikot. This was a convenience sample and was used for illustration rather than rating projects. Nearly all schools were in poor rural areas of hilly terrain. Classes were extensively observed, and interviews were held with teachers, principals, and some management committee members. Pertinent mission findings are discussed in various sections.

this purpose (a process called a “social audit”). However, some important details were not clarified.⁸

2.2 In 2001, the Education Act had just passed, and means were being sought to implement it effectively. According to project documents, the Bank and the Government started discussing the concept of “formally” transferring schools to community management in late 2001. In the 2003 Country Assistance Strategy, the transfer of schools to community management became the Bank’s main strategy for quality improvement in primary education in Nepal, along with provision of textbooks.⁹ According to some officials interviewed, there was limited government interest, partly because the insurrection made it difficult to reach out to some communities. In 2002 the Ministry of Education and Sports (MoES) adopted the formal transfer of schools to community management as a policy and committed to targets on the number of formal transfers (PRSC ICR 2006, p. 12).

2.3 A comparison of the DCA and the PAD reveals a lack of clarity about project objectives (Table 2-1), the definition of a “community-managed school”, the additional responsibilities to be transferred to communities beyond those given to other community-managed schools, and the relationship between the objectives and components. Specifically, the following issues have arisen:

- (a) The definition of community-managed schools in the PAD is unclear.¹⁰ Technically speaking, all Nepalese schools are managed by communities in the sense that all government-funded schools are supervised by a School Management Committee (SMC) which included community representatives. It is likely that committees have varying levels of activity, but the PAD did not make the distinction between the existing government-funded schools supervised by a SMC and those that were supported by the project. Readers may thus get the impression that only certain schools are community-managed. The PAD and subsequent project documents also failed to clarify that the regular community schools and the formally transferred schools essentially differed in just two items: a letter of transfer (Figure 3-6) and a one-time grant of about US\$1,200. Further grants required an application. The IEG mission

⁸ School catchment boundaries are often unclear, and it is uncertain who can vote in an election, how many votes a family has, or whether the ballot will be secret. Parents and guardians would participate, but voting participation rates were not reported. In principle, anyone can sponsor a child and run for committee membership. The MoES Flash report showed that only 5 percent of schools had actual elections for committees in 2006, and the remaining schools selected the committee members. The 2008 Flash report showed that 65 percent of management committees and 63 percent of parent-teacher associations were selected rather than elected.

⁹ CAS 2003. For primary and secondary education, the Bank’s strategy for improving access and quality was to (a) ensure efficient and timely textbook distribution to all students in the beginning of the year; and (b) convince management committees of schools throughout the country to take up formally the responsibility of managing schools. By the end of the 2003 CAS period, the expected outcome was that 25% of schools would be under community management and that the management would provide (a) inclusive and (b) higher quality education (World Bank 2003, Annex B10).

¹⁰ The Nepal Country Assistance Evaluation states on p. 58: “In principle, since 2002, the management of all government-funded schools is supervised by an SMC. The “formally transferred” schools refer to government-funded schools for which the SMC has entered in a formal agreement with the DEOs that stipulates respective parties’ responsibilities. In exchange for more responsibilities and autonomy (hire and pay temporary teachers, review annual school performance, control school finance, mobilize additional resources, distribute textbooks and scholarships, nominate teachers for training, and prepare school improvement plans), these communities would receive a grant of approximately US\$1,200 and eligibility for a menu of additional supporting grants.”

verified in discussions with the task team and Nepalese educators that the schools participating in the formal transfer process received no additional authority or resources over other schools, beyond the one-time transfer.¹¹

- (b) The responsibilities to be transferred to communities are not described in the DCA or in the PAD. Since the government has stated that it has not withdrawn from any responsibilities, it is unclear what responsibilities were supposed to be transferred to communities, if any. It is also unclear how one would define a successful transfer of responsibility.¹²
- (c) The objectives in the PAD and the DCA differ in several key points. The DCA refers to the formation of a knowledge base on transferring management to communities, whereas the PAD has two formulations that are different: one, which refers to mere acquisition of critical experience prior to scaling up management transfer, and a second that defines the development objective as testing “whether community management of schools can better contribute to enhance (i) participation rates, (ii) quality and efficiency, and (iii) accountability.” If the development objective was simply to acquire critical experience without formal documentation, then the project did not conform to the LIL guidelines. Also the PAD did not specify what topics a knowledge base would contain or what format it would have.
- (d) The financed activities and numerous statements in the project files suggest that the project de facto had an implementation rather than an experimentation and learning goal. Every implementation status and results (ISR) report mentions as targets the numbers of schools transferred to community management rather than the development of a knowledge base. Rather than use the LIL for experimentation and evaluation, the credit proceeds were used to scale up the formal transfer of schools to community management before the concept could be evaluated.¹³

¹¹ During appraisal, the government had reportedly planned to give transferred schools extra resources for temporary teachers, but finally other schools received temporary teachers as well. Also, the Eighth Amendment of the Education Act (2005) was passed to suspend central recruitment of teachers and enable transferred schools to hire all teachers locally, but this has not been implemented. The ICR of the project (finalized six months after the PPAR mission, p. 1) states that transferred schools may appoint head teachers and release non-performing permanent teachers, but the exclusivity of these functions was unclear.

¹² No regulations show the government withdrawing from oversight responsibilities, as also discussed in project documents. During interviews, the IEG mission verified this.

¹³ The EFA project included US\$7 million for incentive grants, and the Additional Financing for the EFA project included another US\$25 million (World Bank 2007b, p. 24).

Objectives	Components
<p>Development Credit Agreement: The objective of the Project is to develop a <i>knowledge base</i> needed for successful transfer of <i>responsibility for management</i> of government-funded community schools to local communities.</p> <p>Project Appraisal Document: The objective of the proposed Community School Support Project (CSSP), a Learning Innovation Loan (LIL) was to assist the government to gain <i>critical experience</i> for successfully up-scaling the transfer of <i>management</i> of government-funded schools to communities (p. 2).</p> <p>Note: PAD Annex 1, p. 16 lists the DCA objective as a “follow-on development objective” and includes a new “project development objective:” <i>To test whether community management of schools can better contribute to enhance (a) participation rates, (b) quality and efficiency, and (c) accountability.</i> The DCA, Annex 2, under Part D of the project also specifies the following activity to be undertaken: “Developing a system of Project monitoring and developmental impact evaluation” (p. 14).</p>	<p>⇒ School grants (US\$3.66 m at appraisal, US\$4.9 m final) for (i) incentive grants for committees taking over management of government-funded schools; (ii) block grants tied to performance for post-primary schools transferred to community management; (iii) performance grants for improving access to primary education and promotion rates; (iv) supplementary grants to community schools for expanding enrollment to cover additional costs; and (v) other grants for support to marginalized communities, and piloting of innovative approaches.</p> <p>⇒ Scholarships (US\$0.44 m at appraisal, US\$0.13 m final) for scholarships to poor out-of-school children (Rs. 500-1000 for the first child of disadvantaged families in primary and secondary schools and Rs. 250 for subsequent children.</p> <p>⇒ Capacity building (US\$0.42 m at appraisal, US\$0.3 m final) for (i) assistance to communities for managing schools; (ii) need-based training for teachers and committee members; (iii) orientation for civil servants, local government officials and resource persons; and (iv) policy communications.</p> <p>⇒ Monitoring and Evaluation (US\$0.48 m at appraisal, US\$0.10 m final) for a well-established and smoothly operating M&E system that could support periodic improvements in the experimental design of the LIL.</p>

2.4 In 2005, a recipient-executed PHRD grant (TF055146), was approved for the project. It was a Policy and Human Resources Development (PHRD) implementation grant for US\$699,600, which disbursed US\$633,206.18 for: (a) community awareness and social mobilization, (b) monitoring system for school enrollments, retention and completion, (c) quality monitoring system for decentralized schools, (d) study on the role of community characteristics on project take-up and recommendations for strengthening of capacities, (e) best-practice handbook and network peer-to-peer support activities, and (f) project implementation plan. Project documents also show that the grant paid for other activities, such as NRS 50,000 to each of 30 schools to buy computers. The grant application uses a different statement of objectives from others found in the PAD: “The project's short-term objective is to put in place the set of conditions needed to ensure an effective management of schools by communities and thus, to permit a successful implementation and scaling-up of the decentralization policy.”

2.5 This PPAR presents results on achievement of two objectives: (a) the DCA objective that has a relatively specific output, a knowledge base; and (b) the objective mentioned in the Annex 1 of the PAD, which is more specific and was used for the Implementation Completion Report (ICR) and in the project’s supervision reports.

RELEVANCE

2.6 The relevance of objective(s) for this project is rated **substantial**. Community management is a Nepalese tradition and reflects a government strategy for improved services in many sectors. The 2003 Country Assistance Strategy (CAS) and the Poverty Reduction Strategy Paper (PRSP) focused on community management of schools as the primary means of improving quality of education. Therefore a knowledge base would be important for successful implementation as would be an assessment on whether community-managed schools enhance participation, quality, efficiency, and accountability to citizens.

2.7 The relevance of project design is rated **negligible**. According to Bank guidelines, a LIL should last about 3.5 years and focus “on experimentation, learning and piloting in search of possible developmental solutions, prior to potential larger-scale operations.”¹⁴ However, the formal transfer of schools to community management was not tested against a control group. No clear rationale was given for the grant amounts chosen.¹⁵ The eligible schools were self-selected on willingness to undertake this process, but the project did not monitor the characteristics of schools that rejected the offer.

2.8 It would have been wise to assess the incidence and level of activity of school committees in the country during or shortly after project appraisal and to adjust project design accordingly. A sample of 80 schools surveyed in 2004 showed committees in all schools (New Era 2005, p. 39). But another survey available the time of project effectiveness showed very poor preparation of the committees for the tasks envisaged for them.¹⁶ However, the study received no attention in modifying the project design. Thus, the population of schools formally transferred to community management was the result of a selection process whose determinants were unknown. Financing, socioeconomic status, and the \$1200 financial incentive became confounding variables. Given these design faults, the LIL could not evaluate the effectiveness of the CAS strategy to use community management as a means to improve quality of education in Nepal (paras. 2.2, 2.6).

2.9 Bank staff interviewed by the IEG mission expressed a strong belief that democratically elected management committees would be accountable to citizens and perform better than formally or informally appointed committees.¹⁷ However, the Bank

¹⁴ According to Operations Policy and Country Services (OPCS) guidelines, LILs are loans of \$5 million or less financing small, experimental, risky and/or time-sensitive projects in order to pilot promising initiatives and build consensus around them, or experiment with an approach in order to develop locally based interventions prior to widespread implementation. A LIL focuses on experimentation, learning and piloting in search of possible developmental solutions, prior to potential larger-scale operations. Clarity of the learning objectives and the system to monitor and evaluate them are vital to the purpose of the project (Operations Manual, dated since 1998).

¹⁵ “...the proposed incentive grants together with performance grants described below, will be kept within the range of the supports schools are receiving from the development budget (PAD p. 23).” However this range was not provided, and there was no piloting to determine which amounts would be sufficient to motivate communities.

¹⁶ CSNN 2005 (p. 11) cites a 2003 CERID of Ilan and Morang districts (“Management Transfer of Public Schools under Formative Research Project”) which presaged the problems that later became salient.

¹⁷ The PAD states that “Community-managed schools are expected to perform better than government-managed schools, as such schools will be accountable to the community, whereas the latter is accountable only to the Government” (PAD p. 22). Annex 2, p. 27 states that “The main hypothesis of the project is that community management of government-funded schools can better enhance access to schools for all children, including children

did not offer behavioral or other research to support the hypothesis that a nominal transfer to community management in Nepal would increase motivation among community members. Some behavioral research findings might predict positive outcomes, but other research suggests that nine-member committees lacking individual responsibility may fall victims to ‘social loafing’ (e.g., Latané et al. 1979). The project had no plan to test the sustainability of committee activities.

2.10 The LIL design did not consider the likely effects of the insurgency on the project or the lessons of earlier Bank projects. Some operations completed in Nepal before the LIL appraisal raised questions regarding elite capture and the ability of the very poor to build schools or use communal forest resources.¹⁸ Yet the PAD did not explore the possibility that community management might have an adverse impact on equity. Also the risk assessment made no mention of the possible impact of the insurgency or of the political risk that the teachers’ unions would prevent the local hiring and management of teachers. The only risk seen with respect to communities was the inability to mobilize additional resources (PAD p. 14).

2.11 The design was also weak in fiduciary aspects. Various administrative arrangements (e.g. how the budget was to flow to schools) were outlined in the PAD in great detail, but fiduciary checks and balances relied on a set of four committees per school that did not exist during appraisal and were not formed later. The feasibility of their establishment was not explored. (See quality at entry rating in para. 4.4).

Implementation Experience

2.12 The project experienced considerable problems in all aspects of its operation. The most important are discussed below.

2.13 Several administrative arrangements foreseen in the PAD did not materialize. The implementing agency was the Department of Education, as with BPEP II, and a project council should have been constituted in the MoES, but a council was not active. District Education Offices did not act with the expected degree of attention to the program and gave limited counterpart funds. Project documents show that some district staff were confused by the multiple grant options.¹⁹

2.14 Internal controls remained weak during most of the project life. Most of the schools did not maintain the required information to the level of detail agreed (New Era 2008). Project documents and audit reports show repeated warnings for delayed audits, including a warning by the Auditor General in 2008. In 2007, about 70 percent of the

from disadvantaged communities, and better improve efficiency and quality of school education compared to schools not transferred to community management”.

¹⁸ E.g. the Earthquake Schools Rehabilitation project (Cr. 2048) ICR and the Project Performance Audit Reports of the Hill Community Forestry Project (Credit 2028-NEP) and the Second Forestry Project (Credit 1400-NEP) 2001, OED Report No 22438.

¹⁹ A 2007 supervision document for example stated that district education office staff, including resource persons, did not have clear a understanding about the objectives, justification and implementation details of the policy of transfer of schools to community management and that they were thus not able to confront arguments against community management of schools put forward by the opponents of the policy.

transferred schools were completing social audits.²⁰ Action plans for improving financial management and procurement practices were to be developed, but it is unclear what remedies were applied. Some teachers filed a corruption case with the government against some district office staff in August 2005.

2.15 Some Bank procurement practices in the project also raise management questions. The Bank financed consultant contracts for school surveys to the Community Schools National Network (CSNN), an organization purportedly consisting of school committee members. CSNN was also hired by the government with PHRD grant funds to conduct surveys. However, the PHRD grant agreement has a condition that consultants paid by the grant would not also be paid by the Bank during the grant period.²¹ Informants raised questions regarding a potential conflict of interest in the use of CSNN as an entity for designing and conducting surveys; a 2006 supervision report mentions concerns that those collecting the data were over-reporting enrollments of poor children (para. 3.7).

2.16 According to project documents and IEG mission interviews, opposition by teachers, educational researchers, academics, and the Maoist insurgents to the concept of handing schools over to communities delayed implementation. The project was extended twice by a total of 27 months, and the Bank funded a public information campaign²².

3. Achievement of objectives

3.1 The project financed the transfer of 2,035 schools to community management, exceeding the planned 1,500 referred to in the PAD, and an additional 5,216 schools were transferred under the subsequent Education for All Project.²³ As there were roughly 38,000 schools in Nepal in 2006-7, the CSSP covered about 7 percent of the total (Annex B, Table 6). This chapter reviews the evidence on the extent to which the objectives of the project were achieved in these formally transferred schools.

²⁰ The MoES management information system recorded in 2007/08 that nationwide 62.3 percent of schools completed social audits, whereas among the formally transferred schools 70 percent completed social audits (ISR 9/21/07). The Ministry formed a committee chaired by the Director of Administration and Physical Service Division to oversee the social and financial audits of schools.

²¹ The Community Schools National Network (CSNN) was set up in 2004 with technical assistance paid by the Bank's budget, and has received money from other donors as well. It only represents the 'transferred' schools rather than management committees in general. According to informants, an undetermined number of management committee members are not parents per se but have 'adopted' children to become eligible for membership.

²² A team of consultants specializing on political economy of reforms was engaged to work with schools and to help strengthen the capacity of Community School National Network – an umbrella organization of community-managed schools” (Excerpt from project documents, 9/27/07). In 2004 -2007, Bank funds were used to hire a consultant group referred to as the Educational Journalist Group to document and disseminate project outcomes through television, radio, and print media.

²³ World Bank (2009), p. iii and Annex 2. Schools in Nepal often have grades 1-10 together; primary, lower secondary, and middle secondary count as one unit each. At the end of the project, 6,590 school units had agreed to the formal transfer process.

Develop a knowledge base needed for successful transfer of responsibility for management of government-funded community schools to local communities (modest)

3.2 The project and the PHRD grant financed several thoughtful and innovative activities that in principle could help make school committees throughout the country more effective. Supporting organizations, such as local NGOs, assisted in implementation. The activities notably included (a) advocacy to children's guardians about their roles in school management; (b) peer-to-peer networks and internal study visits²⁴ that (according to reports) resulted in useful information exchange among committee members; (c) a report card to 100 schools that described their conditions and challenges; and (d) a best-practice handbook. Other outputs included a case study of successful and not so successful community schools and a study on the role of community characteristics on project take-up and recommendations for strengthening of capacities.²⁵

3.3 The activities produced some important lessons regarding service delivery to the poor. The cooperation of teachers and headmasters in the handover process was crucial (CRPeC 2008). The evaluation of an operations manual showed that many committees depended on the headmaster for reporting and handling committee financial accounts (a potential conflict of interest). Financial reporting requirements were complex, and committee members needed accountancy training. The educational level needed to read the operations manual and follow its directives suggest that many of the transferred schools belong to communities with educated residents. Poorer communities might be unable to handle the accounting and reporting demands of formal management. Some NGO staff lacked sufficient training for effective social mobilization, and many district education officers had conflictive relations with committees. Other studies (CERID 2006) also resonated on the difficulties of managing poor schools effectively (para. 1.7).

3.4 The studies conducted by the project could have given considerable insight on community decisions, but most were poorly designed and could offer little specific information. (See monitoring and evaluation section.) Some appeared to be advocacy pieces, with unsubstantiated statements about the schools being 'transformed'.²⁶ The studies focused on the transferred schools, thus missing the opportunity to learn how the regular community-managed schools operated across time and how the two types of schools differed in inputs, outputs, and outcomes.

3.5 An important argument made in the PAD in favor of formal transfer to community management was the expectation that committees would lower teacher absenteeism and delays because of increased accountability of the schools to the communities. Thus, parents would normally be expected to monitor teacher absenteeism

²⁴ World Bank (2006). Study visits were arranged to effectively managed schools so that others could learn from them (Upadhyay et al. 2008).

²⁵ CReC 2008, Chapter 1.

²⁶ For example, a follow-up of 10 schools contains comments such as 'Once the agreement between the SMC [School Management Committee]... and the DEO [District Education Officer] is signed which transfers the management of school to the community, the school gains a new status and new sense of belonging. The school finds itself in a new context of responsibility and a compelling reason to take a new direction.' (G. Shrestha 2005).

rates.²⁷ The project would have also been expected to monitor the plans made by communities for vigilance of teacher performance as well as the number of teachers fired or transferred due to community vigilance. However, MoES confirmed that these data were not collected. Some self-reported teacher attendance data are available from a set of 30 selected schools, but their reliability is unknown.²⁸ Overall, the project collected little generalizable information that would serve as a knowledge base. Lack of pertinent knowledge handicaps the government's intent to scale up citizen involvement in schools in an effective and efficient manner.

Test whether community management of schools can better contribute to enhance: (a) participation rates, (b) quality and efficiency, and (c) accountability (negligible).

3.6 The project limited this test to schools self-selected for transfer to community management, so this objective was not met for community management in general. Also, the project's de facto evaluation design – which involved baseline and endline surveys -- did not take the self-selection of communities for formal transfers into account, nor did these surveys track the same communities over time. Nevertheless, this section presents the evidence collected with respect to this subset of schools.

Part (a): Enhancing participation rates

3.7 The term “participation” refers to enrollment rates. In communities that agreed to the formal transfer of school management, students' guardians were eligible for various types of grants if the schools (i) mainstreamed out-of-school children; (ii) mobilized in order to include indigenous, disadvantaged and dalit communities; and (iii) improved student promotion rates.²⁹ A follow-up study of 30 selected schools in 2004-06 found that out-of-school children in the service areas of formally-transferred schools dropped from 41 to 15 percent, out-of-school girls from 44 to 15 percent, while out-of-school janjatis and dalits dropped from 44 to 15 percent and from 50 to 18 percent, respectively. This met or exceeded the project's targets set in the PAD (p. 19). However, the “service area” was in fact a selected sample of intensely supported schools where the highest levels of interventions were provided. Furthermore, concerns were raised about the reliability of the underlying data.³⁰ Another report stated that enrollments had fallen short of PAD targets. The latter study also reported discrepancies between household data and school survey data as well as between school and MoES figures, so the magnitude of the

²⁷ Management committees are not authorized to fire permanent teachers or principals, but they may request their transfer. According to informants interviewed during the mission, head teachers often agreed to the ‘transfer’ of only one school unit (e.g. the primary or lower secondary section of a K-10 school); this would ensure that they would keep their position.

²⁸ A study of 220 “regular” community schools showed that only 40 and 54 percent of schools had all teachers present on each of two surprise visits. Teacher absenteeism rate was 17.8 percent on the first visit and 12.8 percent on the second. About 50 percent of principals had taken no action on absenteeism, and only 5 percent had requested a teacher's dismissal (New Era 2008).

²⁹ DCA p. 3. According to the ICR, 335 supplementary grants were given, some to multiple schools. At least 160 schools received ‘intensive support’, that is, multiple grants, based on a first-come-first served basis.

³⁰ World Bank (2006b), Table 4.1 and Figure 4.3. Aide-memoires also express concerns about exaggerated self-reporting of janjati and dalit enrollments by school management committees. If the figures are correct, then the 41 percent out-of-school children in the catchment area seemed inordinately high given the approximately 20 percent recorded by New Era (2005, p. 19) and an average net enrollment ratio of 88 percent for the rest of the country in 2005. The ICR offered no evidence that community management rather than other factors were responsible for this change.

reduction attributable to the transfer to community management, if any, is unclear (World Bank 2006b). In any event, the effect of formal transfer on results could not be established without comparing the results to those of an adequate control group. Further studies were to be undertaken in 2009-10.

3.8 To encourage committees to enroll out-of-school children in their schools, the government pays to all schools block grants on the basis of the number enrolled. Grants are small and barely cover teacher salaries. There is no money to buy any educational materials or repair premises (Vaux 2006). Management committees may find it necessary to charge school fees (called exam or entry rather than tuition fees), but in Nepal education is free for the primary grades, so this practice is strictly speaking illegal.³¹ Funding limitations have created disappointment, and may have also encouraged overstatement of enrollments and charges of fees. Important equity issues arise when the poor must raise money to send other poor children to school (Section 4).

3.9 During IEG mission visits, significant absenteeism rates were noted in all poor schools, transferred or otherwise. (Three schools, two of them transferred, where a complete count could be made had average attendance of 57-67 percent; the 2008 MoES statistical report (“Flash report”) showed grade-wise average attendance of 58-67 percent.) Two committee chairmen of formally transferred schools who were asked about the absenteeism rates replied that it was not possible to bring certain children to school every day. Some lived too far, or parents were not yet conscious of schooling need. Overall, the extent to which participation rates were raised as a result of community management is unknown, and the difficulties in raising them were not investigated.

Part (b): Enhancing quality

3.10 Project reports suggest that a number of schools taken over by committees function as envisaged. Many of the communities that chose to take over schools had the financial or intellectual means to manage them.³² They could provide a “separate room for each grade/section, library, computer class and office room. In some schools, there was provision of separate office room for the committee. Similarly, because of plastered walls in all rooms, display of different records in the office and display of student and teacher-made materials in the classrooms were possible. In well-partitioned and spacious classrooms, teachers felt comfortable to conduct class activities in an interactive way.”

³¹ See reports in Annex C; according to Carney et al. (2006) there were cases of parents forced to withdraw children from certain schools because of fees.

³² About 88 percent of committee members were literate, about 55 had more than primary education (New Era 2005 p. 128). Also, according to a survey of a stratified random sample of 220 regular community-managed schools that had not yet been transferred, in 16 districts (New Era 2008), a third of management committee members had some primary education, 11 percent had completed primary, 28 percent had completed secondary, and 11 percent had higher education. They were 83 percent male and held about 10 meetings annually. In meetings the most frequent discussion topics were improving school infrastructure (91%), finances (85.2%) and enrollment of out of school children in schools (85.2%). Less frequently discussed matters were: improving quality of teaching and learning (83.3%), school administrative issues (75.7%), mobilizing local resources for school (69%) and community participation in school affairs (61.9%) (New ERA 2008, pp. 35-37). About 23 percent of household heads reported participating in a meeting, nearly 68 percent of respondents reported that they had donated in one way or the other to the school in their community, and in 86 percent of the cases it was physical labor. About 48 percent of the respondents thought the school was good or very good, 36 percent thought it was average, and 13.8 percent thought it was bad; 79.4 percent were satisfied with teachers’ performance and 77 percent thought teachers were dedicated (New ERA 2008, p. 47-50).

(World Bank 2007d). Some schools in the Ilam district provided computers and email service. Some other districts introduced English-medium instruction in grades 1-3.³³ After such improvements, some students reportedly moved from private to community schools. Project documents report such cases as evidence of improving quality, but generalizable evidence was not obtained.

3.11 A lot of student performance data were collected, though the datasets have weaknesses. The differences by school type may reflect the different socioeconomic levels of the communities electing to participate in the formal transfer, plus effects of additional financing. Also, self-selection bias may exist independently of advocacy efforts. Background variables did not include consistent measurements of variables necessary for improved information processing, such as instructional time use, textbook availability, and teacher knowledge. Thus, individual studies could not provide conclusive evidence that changes in test scores are due to formal transfer to community management. Below is a summary of the main studies and findings (also see Annex B, Table 5).

3.12 An initial purposive sample was taken of 80 transferred and not transferred schools (data collected in May-October 2004; New Era 2005). Test scores of over 1300 students showed baseline differences among schools receiving an incentive vs. additional types of grants. The latter, as well as their controls, often scored higher than the incentive grants schools, but there was much variation in Nepali, math, and social studies among grades. The test was not comparable to the many achievement tests given earlier (Annex B, Table 2), so it was not possible to compare the performance level of this sample with that of other schools of Nepal. This dataset showed that all schools had management committees and that in most characteristics the ‘transferred’ and ‘regular’ schools did not significantly differ (New Era 2005). This dataset was apparently not used further.

3.13 A subsequent pilot impact evaluation study was carried out by a research team using a random sample of 80 communities/schools from six districts in the country, none of which had yet undergone the formal transfer; 40 were randomly “treated” with NGO advocacy and 40 were controls (did not receive advocacy; see Chaudhury and Parajuli (2009). The objective of the pilot was to ascertain roughly what share of the schools that received advocacy were likely to transfer, as the basis for designing the subsequent main impact evaluation in 220 communities/schools nationwide. Between the baseline of the pilot impact evaluation study (December 2005-February 2006) and the follow-up survey (August-November 2007), 15 of the 40 schools in the treatment group and 5 of the 40 schools in the control group agreed to be transferred to formal community management. The pilot baseline and follow-up surveys included an achievement test for 1300 5th graders in 65 schools. Initial evidence suggested that 18 months of formal community management in this sample made no difference in the learning outcomes except in science. However, the sample size of the pilot study was too small (only 80 schools) to draw any robust conclusions about the impact of the formal transfer of school management. The results of the much larger impact evaluation research project (not financed under this project), launched in 2007, will be able to address this question,

³³ Sumansinh Tamang. Kantipur, September 23, 2008. Samudayak vidyalaya angrezi madiam (Community schools go English medium.)

controlling for the self-selection bias inherent in the voluntary nature of the formal transfer (see Annex C).³⁴

3.14 A different test was administered once to students of grades 1, 3, 5 in 300 schools during 2008; it showed small and inconsistent differences between regular and transferred schools.³⁵ In addition, a cross-sectional achievement test given to a sample of Nepalese schools in 2008 showed small differences between schools that were formally transferred to community management and regular schools (1.9-3 percentage points; EDSC 2008; Annex B, Table 7). However, the simple comparison of outcomes between formally transferred and non-transferred schools cannot be interpreted as the impact of the formal transfer because they do not take into account the selection bias of communities electing to formally transfer. Also it is not known how each type of school performed prior to the transfer.

3.15 According to the PAD, teachers of transferred schools were to receive customized training, but reports do not mention whether the training took place, what it consisted of, and whether it resulted in improved classroom behaviors. Committees often gave first priority to financing buildings and furniture,³⁶ so it is unclear how much attention teaching quality received (Annex B, Table 8). Furthermore, tests given to the teachers of a selected sample of schools showed that teachers in transferred schools did not score better than those of regular schools. In Nepali, teachers in the two sets of schools had essentially the same scores (55.6 vs. 55 percent respectively), whereas in English and math, teachers of regular schools scored better (41.2 vs. 44.8 percent and 54.1 vs. 51.3 percent).³⁷ Perhaps teachers of transferred schools had lower baseline knowledge. But baseline data did not exist, so the benefits of formal community management transfer on teacher knowledge could not be documented.

3.16 The IEG mission visited four schools formally transferred to community management, all in poor rural areas.³⁸ Two committee chairmen who were present showed little surprise at the teacher absenteeism and delays, student absenteeism, lack of teaching aids or noise from other classrooms coming through open transoms. In IEG interviews, chairmen were found to consider the way schools operate in poor areas as their norm. It was unclear, from these interviews, how management in these communities would result in improved quality.

Part (c): Enhancing efficiency

3.17 The PAD did not specify whether the efficiency objective of transferring school management to communities was to enhance internal efficiency (dropout and graduation

³⁴ The impact evaluation research was funded by the Education Program Development Fund (EPDF) of the Fast Track Initiative, and was independent of the CSSP project. The results measuring the impact of formal transfers are expected in 2010.

³⁵ Full Bright (2008), tables 5.7-5.10, p. 67-68, 82. In English, Nepali, and math, the two types of schools had differences of 1-2 percentage points, with regular schools often scoring higher. The magnitude and direction of selection effects are unclear.

³⁶ World Bank 2007 (draft p. 36). Also CERID 2006.

³⁷ Full Bright (2008).

³⁸ See the school observations in IEG (2009), Chapter 2.

rates) or to improve the efficient use of public funds. The key performance indicators in the PAD include transition, repetition, and dropout rates. The ICR did not present data on these and had no indicators of management efficiency or cost-effectiveness. The various evaluation reports had limited evidence regarding either type of efficiency.

3.18 An important project expectation was that committees would raise funds and supplement the government's funding. The ICR (p. 11) argues that one rupee of investment generated 1.5 additional rupees, which might increase the efficiency of government funds use. The survey of 30 selected schools showed that committees did raise funds (CSNN 2007), though most resources were obtained from international NGOs. Only about 15 percent of the funds raised were generated by community members (Table 3-1). Furthermore, *all* schools visited by the IEG mission, both transferred and otherwise, reported that they were raising funds and paying contract teachers and other small expenses. It is unknown whether transferred schools raised more funds than regular schools, if the socioeconomic status of the community were held constant.

Table 3-1: Funds raised by source in 30 selected schools					Figure 3-1: Resource Generation from Different Sources for Physical Facilities Development
Sources	2004	2005	2006	Total	
International NGO	429	90,710	140,439	231,577	
National NGO	13,787	9,344	1,852	24,983	
Local Agencies	18,495	19,621	17,979	56,095	
Community	56,279	92,495	82,006	230,779	
Total	88,989	212,170	242,276	543,434	
Conversion in 2008 US\$ dollars					

CSNN (2007)

3.19 Earlier efforts to encourage poor communities to complete or repair schools had limited outcomes because of limited capacity and resources (e.g. the Earthquake Schools Rehabilitation Project, Cr. 2047). Some of the schools visited by the IEG mission clearly did not have the means or organization to carry out civil works satisfactorily. A 2006 survey of selected transferred schools showed that many did not spend the incentive grant on any activities and just deposited in a bank account (World Bank 2006b). This may have been due to the fact that US\$1,200 is a small amount given the schools' needs. (A block of classrooms costs about four times that amount.) However, well-to-do schools may have had little need for it, while poor schools may have been unable to spend it. About 7 percent of the communities lent the project grant money at high interest.³⁹

³⁹ Annex Table B-11, rates and conditions were unknown (World Bank 2006b, Community Managed Schools in Nepal, final version 2007). By contrast, in 2004, 55% of schools surveyed by CSNN (2005) used the money for construction and only 11% deposited it in the Bank. But also New Era (2005; annex 5.1, p. 121) shows that communities contributed only about 1.5% of expenses, and it is described as negligible (p. 43).

Part (d): Enhancing accountability

3.20 The wording of the PAD and the DCA does not precisely specify toward whom accountability would be enhanced and what evidence would be provided.⁴⁰ Project documents suggest that management committees would be accountable to other school committees through social audits (para. 2.1). MoES Flash reports showed that social audits were conducted in about 70 percent of the transferred schools, but they often did not function as expected (para. 2.13). One reason may be the poor-quality questionnaire disseminated to schools by the government, which also required high-level literacy⁴¹. Furthermore, the four-committee structure envisaged in the PAD for schools was too complex to be set up. As a result, evidence of enhanced accountability was very limited. Furthermore, the fact that this complex structure could not be generalized does not bode well for accountability arrangements in the long term.

3.21 Overall the tests intended by the alternative objective are inconclusive on participation rates, quality, efficiency, and accountability. The evaluation framework necessary to discover whether the formally transferred schools (with and without intensive support) performed better than other community-managed schools was not proposed at the design stage or subsequently incorporated into the project. The studies raise the concern that a considerable amount of money was spent on monitoring and evaluation activities without creating interpretable experimental designs and obtaining interpretable findings. An impact evaluation financed by the Education for All-Fast Track Initiative (EFA-FTI), Education Program Development Fund (EPDF), and the Bank-Netherlands Partnership Program (BNPP) is underway and may be able to answer some of these questions in 2010 (see Annex C for details.)

Stakeholder Concerns on the Transfer of Schools to Community Management

3.22 The IEG mission interviewed 26 persons (teachers, parents, academics, MoES staff and consultants, journalists, NGO and donor staff) regarding the effects of the policy of transferring school management to communities. Everyone agreed that the general concept of community-managed schools has potential benefits, but there was much skepticism about the specific transfer concept. Interviewees made references to articles, cartoons, and even a television program that questioned this concept.⁴² The main issues raised were:

- unclear portrayal of the formal transfer concept as community management of schools, given that all schools in Nepal are technically community-managed.

⁴⁰ See Reinikka and Smith 2004.

⁴¹ CERID (2007b) found a disconnect between authority and accountability at the school levels. Accountability remained at a moral rather than at a legal level, and the report advocated that the law should be amended to strengthen legal means for accountability. The report also found that community mobilization efforts had limited significance. There are similar reports that NGOs do not provide assurance of quality. Staff and management are often, in effect, contractors, rather than nonprofit organizations per se, and social mobilizers may themselves be disempowered (Hobley and Paudyal 2008)

⁴² Sagarmatha TV programs September 26 and October 4, 2008, Shah 2008; K. Shrestha 2003.

- lack of clarity regarding the duties of the transfer; a lack of provisions for handing schools back to the government if future committees refuse the responsibility or stop functioning; lack of a venue for appealing committee decisions.
- the political role of the committee chairmanship and the importance of this post as a stepping stone into politics;
- risks of arbitrary teacher dismissals in favor of teachers preferred by committee members, or demand of rents.⁴³
- anxiety by poorer communities about managing the schools and concerns about funding once the US\$1200 are spent. Resource persons and head teachers reported to the BPEP II evaluation mission that communities with limited education found it hard to understand what must be done and hesitated to take up school management. Many viewed the transfer as an additional financial burden and risk to the community (Also see Parajuli 2007). Limited communications from district offices contributed to misconceptions.⁴⁴
- Allegations of imposition of illegal school fees.

4. Ratings

Outcome

4.1 Overall, project outcome is rated **unsatisfactory**. Relevance is rated **modest** (average of substantial relevance of objectives and negligible relevance of design; para. 2.1). Efficacy is rated **modest**. The project was not designed to develop a knowledge base for community-managed schools in general or transferred schools in particular. Although the project exceeded its targets of transferring schools to community management, it did not test whether and under what circumstances the formal transfer of schools improved or detracted from enrollment, efficiency, quality, or accountability, as stated in the objectives. Neither the project documents nor the ICR provided sufficient information to assess whether the management transfer was more efficient than regular community management or how well the project funds were used. The project spent \$5 million to learn whether the formal transfer of schools to community management raised schooling outcomes and accountability relative to schools that were not formally transferred, but it did not finance an evaluation that could answer the question. Instead, many other studies were financed, most not comparable, that could not address the project objective, and resources were used to transfer more schools than was planned, even though the efficacy of the intervention had not been demonstrated. Therefore, overall, **efficiency** is rated **negligible**.

4.2 Formal transfers were scaled up as a policy during the CSSP and in the follow-on Education for All (EFA) project without further evidence of their effectiveness or equity

⁴³ There have been newspaper reports suggesting demands for payments or removals for political reasons. For example, in the Kaski district the chairman of the Maoist party was named head teacher (Kantipur September 30, 2008). However, according to several sources, no teachers are known to have been fired or transferred for incompetence.

⁴⁴ DANIDA 2004, vol 2, p. 13; footnote of para. 2.12.

impact. Incentive grants accounted for US\$1 million during CSSP, US\$7 million during the EFA project, and US\$25 million during the EFA additional financing. The follow-on School Sector Reform Project aims to transfer all schools to formal community management by 2014 (World Bank 2009b). The project PAD refers to the formal community transfer as a radical reform that was independently verified.⁴⁵

Risk to Development Outcome

4.3 Risk to development outcome is rated **significant**. Popular resistance and the governance problems found during implementation do not bode well for a long-term strategy of transferring school management to communities. The transferred schools supported by the project were to be managed by committees whose members' tenure would be limited to three years. Inevitably other community members may succeed them, whose views and dedication are not ensured.⁴⁶ It is unclear how closely and who will monitor committee actions and ensure good governance and fair treatment towards teachers and students. The risk to development outcome goes beyond the purpose of the LIL, since formal transfer of school management to communities is supported by the government and is the cornerstone of Bank strategy for improving school quality and access. The failure to evaluate the impact of formal transfers to community management on accountability and educational outcomes before scaling up the intervention could adversely affect country strategy.

Bank Performance

4.4 Overall, Bank performance is rated **unsatisfactory**. The quality at entry of the project was **highly unsatisfactory** because there was no evaluation design for the project or risk assessment with respect to the insurgency or the teachers' unions, objectives were poorly articulated, and systemic obstacles had not been identified. The envisaged four-committee implementation structure did not exist during appraisal. The Bank also disregarded multiple worrisome lessons regarding the ability of poor communities to implement complex schemes (e.g. World Bank 2002, CSNN 2005). While the project proposed a new strategy – the formal transfer of schools to community management – it was not based on prior analytic work that documented the problems and outcomes of the preceding strategy. This led critics to suggest that the Bank had a privatization agenda and was downplaying the primary education achievements of the last two decades (para. 4.6).

4.5 Supervision is rated **moderately unsatisfactory**. Teams of Bank staff and consultants regularly visited schools during supervision missions. A parents' organization (the Community Schools National Network) was contracted to visit schools and collect data to be used for supervision missions, but some project documents express concerns regarding the reliability of these data. Survey findings of poor attendance in the

⁴⁵ World Bank 2009b, p. 52 states "Recently completed EFA evaluation report has independently verified that the transfer of schools to community management has been a successful initiative and has already led to positive outcomes." The evaluation team of NORAD 2009, however, reported to the IEG mission that they had relied on CSSP documents and consultants.

⁴⁶ One implication is a constant need for training of new committees. Expenditures can be large, as Bank projects from Tanzania and Honduras have shown (World Bank 2008 b, c).

2005 CSNN report were disregarded. Aides-memoire focused on interactions with specific schools that agreed to be transferred and paid little attention to evaluation deficiencies. When it became obvious that all schools in Nepal would operate essentially under the same rules, the project design was not revised to assess the specific effects of the transfer incentives. Also, the Bank seemed unable to deal with the auditing and fiduciary aspects of the project. It did not deal with the conflicts of interest involving contracts for the Community Schools National Network that also received grant funds (para. 2.14-2.15). Some informants expressed concerns to the IEG mission that there was no dialogue with the education community on these perceptions,⁴⁷ that Bank documents made unsupported allusions regarding the effectiveness of the government's strategy preceding CSSP.⁴⁸

4.6 Donor and government staff interviewed by the IEG mission stated satisfaction and appreciation with Bank performance in terms of donor coordination, prompt action, and support for government programs. Some donors, however, expressed a concern that the Bank brings to Nepal limited technical knowledge on education issues as well as a private-sector bias and that it did not sufficiently consult with stakeholders. Information on the project was not adequately shared with donors, and they were not consulted when the funding guidelines were developed. Furthermore, unclear portrayal of the concept during the CSSP has confused staff from other donor agencies, creating in many the erroneous impression that there are two types of schools -- regular and community-managed.⁴⁹ Some respondents raised concerns that by financing this LIL, the Bank failed to study alternatives, such as strengthening management in all communities, particularly the poorest.

Borrower Performance

4.7 Borrower performance is rated **moderately satisfactory**. The government was supportive through policies and legislation, and government performance is rated **satisfactory**. The implementing agency performance is rated **moderately satisfactory**. For much of the implementation period the project was administered by the Department of Education without specially assigned staff, and administrative arrangements fell short of the scheme envisaged in the PAD. Audits and financial monitoring reports were often late. Given the project design faults, it is unclear to what extent the government intended to learn more about the capacities of communities to manage schools from the operation, as opposed to the ability of schools to absorb cash grants.

⁴⁷ This concern is also expressed in a peer-reviewed publication which stated: "It appears that the World Bank is engaged in a concerted effort to re-write Nepal's recent educational history, eulogizing the earlier period of locally owned (but small-scale) 'community' schools and portraying the State as a major impediment to change" (Carney et al. 2006).

⁴⁸ Examples cited were articles and reports such as G. Shrestha (2005). According to the latter report, the transfer strategy aimed to mitigate a deteriorating performance of public primary schools in spite of heavy government investment. Also, the 2007 Public Sector Expenditure Review stated that education has deteriorated over time (p. 27-28). However, no data are provided on the performance of the 4000 schools that existed in 1971, and it is difficult to assess the validity of comment in the absence of evidence. Overall achievement trends have been positive in comparable tests (EDSC and CERID, Annex Table B-2).

⁴⁹ Teachers' unions were not consulted in the development of the Operation Manual for Community-Managed schools (Vaux et al. 2006, p. 25). Adhikari (2007) expresses the erroneous belief that the Community Schools National Network serves all schools and is a volunteer network. The Joint Evaluation of the EFA project also incorrectly presented the role of public sector and community management (NORAD 2009, p. xvi, 50).

Monitoring and Evaluation Design, Implementation, and Utilization

4.8 The *monitoring and evaluation design* is rated **negligible**. The project required a carefully tailored research design to establish cause-effect relationships. The PAD outlined the need for some treatment and control groups,⁵⁰ but the design did not take into account the systematic differences between communities choosing to transfer and receive additional grants. There was no effort to use designs that would statistically control selection decisions in the transfer process (e.g. pair-wise matching or propensity score matching). Any differences in outcomes between these groups could be due to the factors leading them to participate, rather than to the interventions.

4.9 *Monitoring and evaluation implementation* is rated **modest**. As prescribed in the PAD, pilot baseline data were collected but two different datasets were abandoned. The first (New Era 2005) used purposive sampling, but the next selected schools at random.⁵¹ Neither the mid-term review documents (May-June 2005) nor supervision documents in early 2006 (6 months before the original closing date), mention any concerns about the inadequacy of the pre-post survey evaluation strategy for measuring the impact of the interventions.⁵² Aside from the baseline and end line surveys, multiple other studies were conducted through the PHRD grant and the project itself, but most were qualitative narratives, with information mainly obtained through self-reports and one-time surveys.⁵³ There was little longitudinal follow-up other than self-reports, statistical analyses were few, and the studies were not linked or coordinated into an evaluation design. They used purposive samples of 10-100 schools chosen on the basis of unclear criteria.

4.10 Finally, the introduction of new achievement tests made it impossible to compare achievement with that of earlier cohorts and other samples.⁵⁴ Survey validity and reliability were also issues of concern; several survey questions focused on accounting issues, but few inquired about the educational level of committee members, involvement level in decisions-making, amount of time available, and distance from school. Some questionnaires (notably the 2005 CSNN-managed study) asked questions regarding community activities that only permitted positive answers. Crucial details were missing,

⁵⁰ “For the purpose of the outcome-level testing, a baseline will be established in a sample of government-funded community-managed schools - treatment group, government-funded schools transferred to community but not receiving project support except for the incentive grant - partial treatment group, and government-funded schools managed by the Government-control group. The achievement of these groups of schools at the end of the project will be compared with the baseline to find out whether community-management leads to better outcomes.” (PAD p. 23).

⁵¹ The New Era 2005 survey surveyed 80 purposefully schools classified as ‘incentive’, ‘performance’, and ‘control.’ It took place shortly after a CSNN survey of 95 schools.

⁵² In March-April 2008, the CSSP endline survey was conducted for 300 schools and their teachers, children in the catchment areas, and SMCs, for which new achievement tests were developed for Nepali language and math in grades 1,3, and 5. This survey had a completely different design than the baseline, with four types of schools in each of 15 districts – community aided, community-managed, community-managed unaided, and institutional (Full Bright 2008). As mentioned earlier, the learning assessments were not comparable with any previous learning assessments in Nepal.

⁵³ For example, the Community Schools National Network (CSNN) did a survey of 95 purposively sampled transferred schools (CSNN 2005, April 17), while the Center for Policy research and Consultancy (CPRc 2008, p. 2, volume 2) studied another 100 schools that chose community management voluntarily, after advocacy, after rigorous advocacy, or rejected even after advocacy. However, it is mainly an advocacy piece itself and offers limited data.

⁵⁴ New Era 2008 and Full Bright 2008. Both documents refer to a ‘TIMSS type test’ without clarifying in what way that test was different from earlier tests conducted in Nepal. New Era (2008) analyzed data of the 220 baseline schools in terms of percentiles rather than by using the TIMSS scale. The report also stated that some of the students taking this test did not live in the sampled school catchments areas.

such as the means whereby likely children’s guardians were identified, or what the social mobilization included. No survey questions were found on school fees and on whether the poor could afford them. Some surveys had questions with unclear definitions, such as “lower socioeconomic condition of school”.

4.11 The 2005 PHRD grant financed a number of studies. The grant application stated that the government’s monitoring systems were weak and requested funds to install a new monitoring and evaluation system for 1,500 schools, although the MoES flash reports were working reasonably well. It also stated incorrectly that Nepal had no achievement tests; it proposed to develop them and administer three rounds of tests, but only two were conducted. Overall, about US\$633,206 from the trust fund was spent for monitoring and evaluation functions, but only a fraction of the planned activities took place.

4.12 The *use of data to guide policy* is rated **negligible**. Project documents and reports to external bodies show a focus on the number of schools that were transferred, and the many reports generated did not seem to influence strategy.⁵⁵ For example, one study found that the vast majority of regular schools also had functional committees, but the finding did not instigate a change in strategies or research design. The Bank did not issue a synopsis of the information obtained through all the studies by the end of the project, and dissemination promised in the ICR in the first half of 2009 was not carried out. There is little evidence that test results were taken into account for quality improvement purposes. Aside from a May 2008 internal World Bank workshop, data on students’ and teachers’ test scores were not discussed or presented extensively. The outcomes and evaluation design issues were also not discussed in the PAD of the follow-on operation, the Schools Sector Reform Project (World Bank 2009b).

4.13 Because of major deficiencies in design implementation and use of findings, the monitoring and evaluation of the project is rated **negligible**.

5. Issues: Sectoral Strategy and Community Management

5.1 The aim of the 2003 Country Assistance Strategy (CAS) was to improve education quality and learning outcomes. The 2002 CAS progress report included a “pulse-taking” exercise which showed considerable concerns regarding the ability of poor communities to deal with complex implementation issues.⁵⁶ Nevertheless, the CSSP was appraised at about the same time without any special concerns for the poor. The 2003 CAS did not attempt to strengthen all community organizations through some means known from the vast community-driven development literature. Instead it focused only

⁵⁵ See for example Shrestha and Joshi 2007, report to a Quality of Education Conference in New Delhi.

⁵⁶ “User groups-which have proliferated-tend to be more participatory and successful in the delivery of services. They are by and large still dominated by local elites and, hence not inclusive (of the poorest).” “NGOs... use much of the money themselves and do not reach the poorest of the poor (except for some dalit NGOs).” “The poorest of the poor are excluded. As a local official said “they (the poor) are not coming to us so we cannot help them and we have our hands full.” (Appendix II, p. 3).

on the willing communities.⁵⁷ The official transfer to community management became a development objective in its own right⁵⁸ and the cornerstone of the Bank's education strategy. Without obtaining further evidence, the ICR of the first PRSC (World Bank 2006a, p. 12) stated that the handover pace had exceeded all previous expectations and was interpreted as "symptomatic of the demand that existed for this reform."

5.2 Some informants interviewed by IEG raised a concern that the selective transfer of schools to communities may create equity issues. Communities have social stratifications and informal relations that determine who gets benefits (Hobley and Paudyal 2008). When committee members determine how to use resources, local elites may benefit disproportionately. The poorest may live too far or lack the needed time to attend meetings, and may not even know what their rights are (Carney et al. 2006).⁵⁹ Certainly unleashing the power of communities who can safeguard their own interests is useful, but efforts to do so should build on the knowledge base established through research and evaluation from similar experiences elsewhere. Research from Latin America to Indonesia on the effectiveness of community management for promoting education quality suggests that community participation does not automatically lead to improvements in education quality and learning outcomes.⁶⁰ These and other issues should have been explored during the preparation and implementation of the CSSP.

5.3 Ultimately, it may be difficult to generalize the model of community transfer. If all schools received the grant amounts given to transferred schools, public expenditures for education might become unsustainable. As mentioned in Chapter 1, merely increasing the expenditures per student may improve learning outcomes irrespective of school management. In a budget constrained environment, targeting low performing schools in the poorest area might be called for (also see conclusions of CERID 2007a in para 1.9). Currently resources are spent to encourage communities to take over, without explicitly targeting lower performing schools in poorer areas.

5.4 Research shows that people's prior experiences determine their expectations, so the poorest may be satisfied with low-quality education⁶¹. To help poor communities

⁵⁷ In some respects, the 'transfer' program worked like a school-level voucher system. Students' vouchers have produced social stratification (e.g. Chile) but not much better learning outcomes. (E.g. Perry and Leipziger 1999; Mizala and Romaguera 1998, Carnoy and McEwan 1997 are included in Perry and Leipziger 1999).

⁵⁸ "This process at the primary level—a fundamental shift from the currently centrally-managed system—has begun over the past year with over 250 schools transferred by end-September 2003 and an additional 500 applications pending approval." (World Bank 2003, p. 13).

⁵⁹ Sowton, circa 2004. The author raises concerns about decision-makers being from influential families and deciding on educational matters according to their socioeconomic experiences. Studies such as Sibieta et al. 2008 also suggest that a successful funding system for schools needs to encourage equity, targeting resources where they are most required, and be reasonably comprehensible to all stakeholders.

⁶⁰ Banerjee et al. 2008, found that interventions to encourage beneficiaries' participation, such as providing information, training community members in a new testing tool, had no impact on community involvement in public schools, and no impact on teacher effort or learning outcomes in those schools. Gunnarsson et al. 2004, in LAC study found no impact of local control on learning. An Indonesian study found limited community management capacity (SGP 2002). A study showed that Honduran rural schools were open for 154 days a year, but PROHECO schools operated for 180 days out of the 200 official days. However, the study also found little difference in learning outcomes. (Programa Hondureño de Educación Comunitaria, Honduran Program of Community Education; PROHECO ICR, World Bank 2008).

⁶¹ See Abadzi 2009 for a review

effectively manage schools, such communities might benefit from training on what to expect and monitor. Means to raise citizens' interest and expectations in schools could include radio broadcasts on school activities and committee decisions, and instructions to parents on how well their children should be reading or calculating. Nepal can benefit from the research that already exists on the opportunities and challenges related to community based school management, including its equity implications.

6. Lessons

6.1 This assessment provides a number of lessons for the education sector:

- Community management of schools offers many potential benefits, but it is important to understand what communities of different educational and income levels are likely to implement. The education of the poorest children should not depend heavily on the means available to the very poor communities.
- Before scaling up pilot activities, it is important to evaluate those pilots using robust evaluation designs. In particular, LILs should strive to create best practice in evaluation in order to maximize learning.
- Major educational reforms should be based on solid analytical work and take into account relevant research and evaluation from similar experiences elsewhere. There is little evidence that the design of the CSSP drew on research and evaluation findings of experiences with community management of schools, particularly as it relates to learning quality and outcomes, further compounding the lack of robust evaluation carried out under the LIL itself.

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Annex A. Implementation of project components

Table A-1: Community School Support Project (Cr. 3808)

Components/ subcomponents	Activities	Targets to be achieved	Outputs	Outcomes Info obtained during mission
School grants	Grants for transferring schools to community management (about US\$1200).	1500 schools	About 2035 of about 23,000 schools (according to ICR). The project funded transfer of 1,746, rest funded by Education for All Project	8000 schools were expected to be transferred to communities by the end of 2007
	Supplementary grants (fully supported schools)	250	335	Matching grants for libraries, computers, science labs introduced at midterm review (average NRS 82,000). Salary grants introduced, schools were required to monitor attendance of students and teachers and to recruit teachers competitively through a public ad
Scholarships	Out-of-school children's scholarships	7619	17250	Students need to catch up, but coaching classes were not found
	Maintenance scholarships	19721	42640	The scholarship component was apparently successful in the primary schools, but less so in lower secondary and secondary schools.
Capacity building	Training NGOs, support organizations	300	About 146 NGO staff trained in 6-day orientation programs	Only a minority of the NGOs proved useful; a number were in fact private providers of services responding to demand
	Customized teacher training for instruction, community relations	1000	Teacher support grants to 1047 schools, 45% achievement of the target (Household community survey)	It is uncertain what the customization options included and how effective the training was
	Training civil servants and politicians	1000	Unsure if target was achieved, several workshops done	Impact unknown, district education officers not very knowledgeable about the program according to project files
	Communication of policies to communities		About 146 NGOs hired, maybe 50-60 doing acceptable work	NGOs may be best for mobilization of enrollments, not really experienced in community school management
	Orienting school community members	1300	Total number unknown Final US\$200,000 of grant spent on dialog with communities, that according to the task manager consisted of training Peer to peer networks and study visits to efficiently managed schools in Nepal The networking activities were conducted in 17 districts involving 207 schools and 458 participants	In many cases only chairman and head teacher were trained Three-year terms mean that there must be a constant training program for new committees 81% of respondents found visits effective 78% subsequently prepared action plans
	Staff supported for developmental assignments	10	-Instead a study tour was carried out in Latin America	Assignments did not happen, the Ministry was not interested in sending staff to work in schools

Components/ subcomponents	Activities	Targets to be achieved	Outputs	Outcomes Info obtained during mission	
Monitoring and evaluation	Monitoring tasks were financed by a PHRD grant	US\$699,600 PHRD grant TF055146	About US\$633,206.18 of the grant disbursed for such tasks	Impact evaluation not completed by project end due to poor quality of baseline data	
	Provision of goods and consultants' services to facilitate transfer of management of government-funded community schools to communities		9 computers for the Department of Education faxes, computers in schools	There was to be participatory monitoring of changes in the school, but most of the schools did not maintain the required information as demanded by survey instruments (New Era 2008).	
	Develop, by June 30, 2004, a policy framework, acceptable to the Bank to establish a pension scheme for teachers of community-managed schools funded, in part, by teachers' contributions	Pension scheme became Redundant after communities were allowed to hire permanent teachers		According to the task team, communities had no interest in providing pensions to their teachers.	No effect
	Adopt, by September 30, 2003, procedures, acceptable in substance to the Association, for redeploying MOES-appointed teachers from community-managed schools based on requests from relevant management committees within six months from the date of such request	If teachers did not perform, the community could request their transfer.		Legislation passed after the expected deadline, but has not been implemented due to teacher unions' concerns about local biases IEG mission found that few if any teachers have been removed for incompetence or absence	No effect Removal on transfers of teachers for incompetence is virtually unknown, despite committee powers to do so. Incompetent teachers may still teach or be absent extensively
	Adopt, by December 31, 2004, a regulatory framework, acceptable in substance to the Association, for formula-based government-provided block grants funding to eligible schools.	Formula shall be revised on a bi-annual bases and include, inter alia, taking into account the student enrollment.		Block grants adopted, but formula not clearly developed or updated	To address inequitable distribution of resources the government has introduced per capita financing for salaries in addition to the existing per capita financing for non-salary costs.
	Adopt, by October 31, 2003, procedures, acceptable to the Association, for releasing grants to community-managed schools on an advance basis to ensure that teacher salaries are paid in a timely manner			Not done Budgets are sent three times a year, always delayed, so teachers are paid every four months. Community hired teachers ought to be paid monthly if communities have sufficient resources	The effects of delayed and limited payments on teacher performance are unknown

Source: Project documents and information obtained during the PPAR mission

Annex B. Supplementary Tables

Annex B Table 1: World Bank - Education Lending in Nepal

Projects	Project ID	Credit No	Approv at FY	Closing	Actual Credit Amount US\$M	Actual Project Cost US\$M	Canceled US\$M	IEG Ratings Outcome
Completed Projects								
Education I (Technical)	P010117	0772	1978	09/30/1985	6	6.51	1.01	Unsatisfactory*
Education II	P010166	1198	1982	12/31/1991	14.3	16.32	2.93	Satisfactory*
Education III (primary)	P010199	1463	1984	06/30/1992	12.78	13.17	3.1	Satisfactory
Agricultural Manpower	P010208	1534	1985	12/31/1994	8.4	15.5	0.8	Unsatisfactory
Engineering Education	P010333	2044	1989	12/31/1999	11.4	27.3	0	Satisfactory
Earthquake School Rehabilitation	P010335	2047	1989	02/29/1996	23.2	25.49	2.9	Satisfactory
Basic and Primary Education I	P010395	2357	1992	12/30/1999	30.6	58	0.02	Satisfactory
Higher Education	P010454	2560	1994	11/30/2001	20	19.52	3	Satisfactory
Basic and Primary Education II	P040612	3185	1999	07/15/2004	13	70.33	0.34	Moderately Satisfactory
Community Schools Support	P082646	3808	2003	09/30/2008	5	5.18	0	Unsatisfactory
Total Completed					114.68	257.32	14.1	
Ongoing								
Education for All	P040613	H3400	2005	01/31/2010	50			
Education for All Additional Financing	P074633		2008	01/31/2010	71.5			
Second Higher Education	P090967	H2740	2007	01/15/2014	60			
School Sector Reform Project	P113441	4620 H5180	2009	02/15/2015	133.02	2,635		

Annex B Table 2: Scores of various student achievement tests conducted in Nepal

Study	Year	Grade	Mathematics		Nepali		Social Studies	
			% correct	% correct	% correct	% correct	% correct	% correct
BPEP I	1998	4	28	47	42			
BPEP I	1998	5	27	52	36			
PEDP	1998	5	34	40	40			
EDSC	1997	3	44	46	50			
EDSC	2001	3	47	45	64			
EDSC	1999	5	27	52	42			
EDSC	2003	5	33	56	61			
CERID	1999	6	44	56.4	39.6	43.6		
CERID	1999	8	28.9	68.8	29.6	34.3		
CERID	2008	8	31.7	44.4	36.4	48		

Source: EDSC 2003, 2008. PEDP was the Primary Education Development Project, and EDSC (Educational and Developmental Service Centre) was a company that conducted the testing. CERID scores are comparable across years, as are EDCS scores.

Annex B Table 3: Percent of non-Transferred Schools having Formed Management and Other Supportive Bodies, 2007

School Bodies	Distribution in Percentage				
	Eastern Hills (N=66)	Eastern Terai (N=42)	Western Hill (N=70)	Western Terai (N=42)	Total (N=220)
School Management Committee	100.0	76.2	100.0	100.0	95.5
Monitoring Committee	28.8	14.3	20.0	16.7	20.9
Parent-Teacher Association	80.3	45.2	85.7	97.6	78.6
Parent Assembly (possibly generic use)	93.9	88.1	98.6	100.0	95.5

Source: New Era 2008, Table 4.1, p. 33, based on a survey of 220 schools in 16 districts, none of which had been formally transferred to community management.

Annex B Table 4: Educational Statistics of Nepal

Indicators	1990	1995	1998	1999	2000	2001	2002	2003	2004	2005	2006	2008
Gross enrollment rate of early childhood/preschool					13	12.8	19.8	19.9	39.4	20		
Percentage of new entrants at grade 1 with preschool						7.8	9.6	13.7	10.9	30		
Gross intake rate at grade 1				132	129	105.6	114	110.69	113.18	109.94	150.16	
Net intake at grade 1							74	76.1		67		
Gross enrollment rate – primary	113	109	123.9	127.7	119.8	124.7	118.4	126.7	130	110	126.1	
Net enrollment rate – primary			70.5	72	80.4	81.1	82.4	83.5	84.2	88		91.9
Net enrollment rate – secondary				34	35.3	38.3	42	42.8		45.7	43.2	
Gross enrollment ratio, tertiary, total		5	-	-	4	4	5	5	6			
Percentage of gross national product channelled to primary				1.5	1.7	2	2.1	2.2	2.3	1.9		
Percentage of total education budget channelled to primary			48.7	55.1	58.4	55.8	59	63.5	61.8	60		
Student-teacher ratio, primary			39	38	37	39.9	35.7	35.8	39.7	34		33.6
Percentage of repeaters (%), primary	-	-		23	25	24	22	22	22	23		n/a
Survival to grade 5				49.7	63.1	65.6	67.6	60	76.2	71		73.4
Dropout rate – primary total				42	54.17	22.23	35.13	32.92	39.25	21.48		
Primary completion rate				63.2	65.6	65.2	69.6	70.6	71	74.7	76	
Percentage of repeaters (%), secondary			11	9	8	9	12	-	-	-		
Gender Gap, primary level				16.7	17.1	12.7	13.2	11.5	11.6	10.1	7.3	
Ratio of boys and girls in education	0.6	0.7	0.77	0.81	0.87	0.86	0.86	0.85		0.9	0.9	
Gross national income per capita	200	200			200						320	
Primary education, teachers				91,878	88,702	97,879	96,659	110,173	112,360	101,483	113,385	143,574

Sources: MoES and Edstats (World Bank); various series integrated in this table. Many statistics are missing for 2007 and 2008.

Annex B Table 5: Datasets with Test Scores Pertinent to Management Transfer

Monitoring and Evaluation Study	Pertinent Design Features	Outcomes
New Era 2005 Data collected May-October 2004	Selected sample of 80 transferred schools and matched controls	Transferred and control schools were fairly similar; schools given performance grants (and their matched controls) outperformed others in some tests.
Full Bright 2008 Student tests given in March-April 2008	Cross-sectional survey of 300 primary schools Contractor won bid for an 'impact evaluation study'	In English, Nepali, and math, the two types of schools had differences of 1-2 percentage points, with regular schools often scoring higher.
Full Bright 2008 Teacher tests given in March-April 2008	Cross-sectional survey of 300 primary schools	In Nepali, teachers in the two sets of schools had essentially the same scores (55.6 vs. 55 percent respectively), whereas in English and math, teachers of regular schools scored better (41.2 vs. 44.8 percent and 51.3 vs. 54.1 percent)
EDSC 2008 Tests given in 2008	Longitudinal monitoring achievement test analyzed data cross-sectionally based on community management type. No baseline data were compared	Schools formally transferred to community management scored 1.9-3 percentage points over regularly managed schools
Pilot impact evaluation baseline and additional data collection Baseline December 2005-February 2006, follow-up tests in August -November 2007 Data collection by New Era; results disseminated at a World Bank workshop in May 2008.	Random sample of 80 non-transferred schools from six districts; 40 were randomly "treated" with NGO advocacy and 40 were not. The purpose of the pilot was to ascertain how many schools were likely to transfer in communities with advocacy, as input into the design of a much larger research project. Both this pilot and the larger project were designed to use the random assignment of the advocacy as an instrumental variable to obtain unbiased estimates of the impact of the transfer (eliminating the self-selection bias). Over 18 months, 15 of the 40 schools in the treatment group receiving advocacy elected to formally transfer, compared with 5 of the 40 control group schools. Dataset collected with Education for All Fast track Initiative funds	There is no formal report on the results of the pilot – only a preliminary powerpoint presentation (that does not control for self-selection of communities) and a single table in a research proposal for the larger study that shows results for only four variables, but controlling for self-selection into the transferred group (Chaudhury and Parajuli 2009). The latter shows higher TIMSS Science Test scores in the 5 th grade, a higher grade 5 promotion rate, a higher net enrollment rate, and higher community participation in daily school affairs in transferred schools. However, only the test scores are statistically significant; since the standard errors have not been adjusted to take into account the clustering of the sample, the significance is likely overstated. Results for most of the variables collected (including math, Nepali, and English tests in grades 1, 3, and 5) were not shown. Because of the small sample size of the pilot (only 80 schools), most differences would not be expected to achieve statistical significance. That is why the larger study was launched (below).
		As none of the schools had yet elected to transfer, all of the test scores are for non-transferred schools. Test scores could not be compared with earlier datasets

Annex B Table 6: Number of reported schools by type and level 2006-07

Types of schools	Primary	Lower secondary	Secondary	Higher secondary
Community aided	20,084	4,314	2,627	129
Community managed	1,896	345	143	42
Community unaided	2,239	2,073	893	510
Institutional	3,106	2,147	1,555	194
Total	27,325	8,879	5,218	875

Source: MoES Flash report II; Formally transferred schools are designated as 'community-managed' in comparison to others that are 'community-aided'

Annex B Table 7: Comparison of Learning Achievements by type of school

School type	Nepali	English	Math	Social Studies	Science	Health
Community School	43.8	35.6	30.4	52.3	47.1	46.5
Formally Transferred School	45.1	37.5	33.4	55.0	49.2	49.4
Difference in points	1.3	1.9	3.0	2.8	2.1	2.9

Source: EDSC (2008). These data are from a cross-sectional comparison of formally transferred and non-transferred schools; the differences between the two types of schools should not be interpreted as an "effect" of formal transfers, since the self-selection of communities into the transferred group is not taken into account.

Annex B Table 8: Use of resources in a Sample of Schools Transferred to Community Management

Resources	Communities used funds for the following proposes						
	Physical improvement	Instructional improvement	Loan in high interest	School construction	Teacher salary	Land purchase	Maintenance
CSSP Grants	25 (17.2%)	76 (52.4%)	10 (6.9%)	18 (12.4%)	11 (7.6%)	2 (1.4%)	3 (2.1%)
Local Resources	66 (50.4%)	15 (11.5%)	3 (2.3%)	36. (27.5%)	11 (8.4%)	-	-

Source: Household Survey, Community Managed Schools in Nepal, 2007; the full figures represent numbers of schools and the figures in parentheses represent percentages of schools choosing to use funds for various purposes.

Annex C. An Ongoing Impact Evaluation of the Formal Transfer of School Management in Nepal

In late 2005, researchers launched an impact evaluation to compare the effectiveness of primary schools whose management was formally transferred to the community with primary schools whose management had not been formally transferred. The research design took into account the voluntary nature of the formal transfer by randomly assigning a sample of schools that had not yet been transferred to an "intervention" that consisted of an advocacy campaign, providing information to communities and assistance in submitting the application for formal transfer. The schools in the "control" group did not receive the advocacy intervention, while those in the "treatment" group did. However, the design recognized that in both the treatment and control schools/villages, some will choose to participate in the transfer and some will not. This created four groups – control schools/villages that did not transfer, those that did, treatment schools/villages that did not transfer, and those that did. The random assignment of the advocacy program served as the instrumental variable allowing identification of the impact of the transfer, separate from the factors leading to the self-selection of communities into the program.⁶²

The evaluation will measure the impact of the formal transfer of school management to communities on teacher absenteeism, teacher quality, parental and community participation, enrollment rates and learning outcomes, and the equity impacts of the intervention, among others. While the design should allow an unbiased estimate of the impact of the formal transfer to community management, the sample of schools and communities was selected from among the schools that had not yet transferred as of 2005, which may be systematically different from those that transferred earlier. The evaluation will measure short-term impacts of the formal transfer, but not long-term impacts or sustainability, nor will it assess the impact of the "intensive support" offered to some of the schools in the CSSP.

⁶² Chaudhury and Parajuli 2009

Annex D. Basic Data Sheet

COMMUNITY SCHOOL SUPPORT PROJECT (CR. 3808)

Key Project Data (amounts in US\$ million)

	<i>Appraisal estimate (PAD)</i>	<i>Actual or current estimate (ICR)</i>	<i>Actual as % of appraisal estimate</i>
Total project costs	5.18	5.69	109%
Loan amount	5	5.36 ⁶³	107%
Cancellation		0	

Cumulative Estimated and Actual Disbursements (CR. 3808)

	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>	<i>FY08</i>
Appraisal estimate (US\$M) (PAD)	1.5	3.8	5.0		
Actual (US\$M) (SAP)	0.8	1.9	3.1	4.3	5.3
Actual as % of appraisal	54.7%	49.2%	62.4		
Date of final disbursement: 10/16/2008 ⁶⁴					

Project Dates

	<i>Original (Forecast)</i>	<i>Actual (Actual)</i>
Concept Note	03/27/2003	03/27/2003
Negotiations	06/12/2003	06/09/2003
Board approval	06/27/2003	06/30/2003
Signing	07/21/2003	07/25/2003
Effectiveness	NA	08/28/2003
Closing date	09/30/2006	09/30/2008

Staff Inputs (Labor Costs: amounts in US\$ million)

	<i>FY03</i>	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>	<i>FY08</i>	<i>FY09</i>	<i>Total</i>
Preparation	0.2	0.02						0.22
Appraisal/Negotiations	12.2							12.2
Supervision		9.4	29.1	12.0	10.6	5.3	2.5	68.9
ICR							4.0	4.0
Total	12.4	9.42	29.1	12.0	10.6	5.3	6.5	85.32

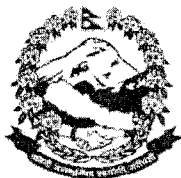
⁶³ Difference in appraisal amount and actual could be attributed to the fluctuation of the exchange rate between the US\$ and the NPR. There is no explanation in the ICR regarding that increase in the actual amount.

⁶⁴ Special Account documented.

Bank Lending and Supervision Team

Names	Title	Unit	Responsibility/Specialty
Lending			
Rajendra Dhoj Joshi	Sr. Education Specialist	SASHD	Task Team Leader
Susan E. Hirshberg	Sr. Education Specialist	SASHD	Education Specialist
Bigyan B. Pradhan	Sr. Financial Management Specialist	SARFM	Financial Management
Kiran Ranjan Baral	Sr. Procurement Officer	SARPS	Procurement
Lynn Bennet	Lead Social Scientist	SASSD	Social Assessment
Nawaf A. Al-Mahamel	Counsel	LEGSA	Lawyer
Ivonna Kratinsky	Sr. Financial Officer	LOAFC	Loan Officer
Afshan H. Khawaja	Sr. Social Scientist	SASSD	Social Assessment
Gertrude Cooper	Program Assistant	SASHD	Team Support
Sushila Rai	Program Assistant	SASHD	Team Support
Supervision/ICR			
Mohan Prasad Aryal	ET Consultant	SASHD	Education Specialist
Purush Ratna Bajracharya	Consultant	SASHD	Political Economy
Kiran Ranjan Baral	Sr. Procurement Officer	SARPS	Procurement
Lynn Bennett	Consultant	SACNP	Social Development
Khagendra Prasad Bhattari	Consultant	SASHD	Political Economy
Nazmul Chaudhury	Senior Economist	SASHD	Evaluation
Julie-Anne M. Graitge	Program Assistant	SASHD	Team Support
Padma Bahadur Khadka	Consultant	SASHD	Political Economy
Nagendra Nakarmi	Sr. Program Assistant	SARFM	Financial Management
Mohan Gopal Nyachhyon	Consultant	SASHD	Pedagogy
Bigyan B. Pradhan	Sr. Financial Management/Operations Specialist	SARFM	Financial Management/Operations
Shulila Rai	Program Assistant	SASHD	Team Support
Neena Shrestha	Procurement Assistant	SARPS	Procurement
Gajendra Man Shrestha	Consultant	SASHD	Education Specialist
Maria Madalena R. Dos Santos	Consultant	LCSHD	Education Specialist
Maria Elena Anderson	Consultant	SASHD	Education Specialist
Joel E. Reyes	Sr. Institutional Development Specialist (Education Sector)	SASHD	Institutional Development

Annex E. Borrower's Comments



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MINISTRY OF FINANCE

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KATHMANDU, NEPAL

Mr. Vinod Thomas
Director General
Evaluation
Independent Evaluation Group
The World Bank
Washington DC

25 June 2010

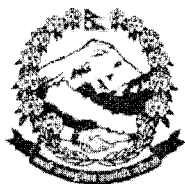
Dear Mr. Thomas,

This is with reference to our letter of 20 June 2010. Further reference is made to your Draft Project Performance Assessment Report (Community School Support Project: CR. 3808) of 23 June 2010.

In this connection, I now wish to request you to kindly consider only para 1-4, and para 6-8 as Borrower's Comments. They are;

1. The Government of Nepal believes that some of the contents of the report need more research and credible analysis without which the credibility of the report has been undermined. The IEG team that carried out the evaluation and wrote the report mixed up two distinct elements in one, i.e., the issue of Bank's program management and the principles of community management of basic services such as education. The document almost reads as if the IEG had concluded that Community Management does not work and is trying to prove the same.
2. The Government does not have a problem with the IEG questioning the Bank team's performance in terms of evaluating this program and developing a knowledge base on the basis of this LIL, however, the Government strongly disagrees with some of the lines in the document that questions the significance of "community management" as a strategy through a hurriedly carried out study. Nepal's school system, small irrigation system and host of other local level development activities were under the community management and highly successful before the government intervened. The Public Expenditure Review Commission set up by government in 2000, after thorough consultation with a wide array of stakeholders in the country, strongly recommended that the school system be handed over to the respective communities so as to make public expenditure on education effective and productive. School education cannot be made effective without making teachers accountable to the parents and students.
3. Community Management was, therefore, a government strategy to which the Bank later subscribed to and the PPAR's mandate cannot extend to questioning the Government's strategy. There are

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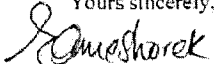
KATHMANDU, NEPAL

numerous instances of this in the document and these must be purged before this document is released.

4. Community management was found highly successful in forestry conservation and development and in other local level development works during the period of intense conflict in Nepal. In fact, community management of basic services is the most resilient form of development delivery in conflict-affected society.
5. The GON decided to hand over the school management to communities as its policy stance. This was initiated without anticipating any external assistance. The Bank came later, and then came host of other donors supporting the implementation of the idea. Why did not IEG team inquire with other donors in the Education SWAp? Were they also "convinced by the Bank"? This policy would have been implemented even without any external assistance. Furthermore, the GON has not wavered from this strategy over the past decade and do not intend to move away from this in the coming years as well. For the IEG report to question this strategy, and not the Bank's performance in measuring, monitoring and learning from the LIL, is totally unacceptable. We believe that it demonstrates the author's complete lack of understanding of the process and inadequate consultations with the concerned stakeholders that led us to where we are at present.
6. The report is fraught with unconnected statements that seem to portray a serious problem with regards to community management. However, the report itself fails to offer any serious evidence of the same problem. The author is only suggesting that this could be a problem, but offers little in the way of evidence.
7. Community management is a long-term strategy of the Government – we acknowledge that there is always room for improvements, but the selective, often unsubstantiated and biased presentation of evidence in the report seems to suggest that the PPAR team has an agenda against community management.

With best regards,

Yours sincerely,


Rameshore Prasad Khanal
Secretary

cc:
Ms. S. Goldmark
Country Director
The World Bank, NEPAL