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IMPLEMENTATION COMPLETION AND RESULTS REPORT

ON A

CREDIT

FROM THE INTERNATIONAL DEVELOPMENT ASSOCIATION

IN THE AMOUNT OF SDR 44.9 MILLION
(US$65.0 MILLION EQUIVALENT)

TO

NEPAL

FOR THE

HIGHER EDUCATION REFORMS PROJECT

August 4, 2021

Education Global Practice
South Asia Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective July 30, 2021)

Currency Unit = Nepalese Rupee (NPR)

NPR 118.71 = US$1

US$ 1.427 = SDR 1

FISCAL YEAR
July 16 – July 15

Regional Vice President:	Hartwig Schafer
Country Director:	Faris H. Hadad-Zervos
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ABBREVIATIONS AND ACRONYMS

CPF	Country Partnership Framework
CPS	Country Partnership Strategy
DLI	Disbursement-Linked Indicator
EEP	Eligible Expenditure Program
EMF	Environmental Management Framework
EMIS	Education Management Information System
ESMF	Environmental and Social Management Framework
EQAAR	Educational Quality Assurance and Accreditation Regulation
FBF	Formula-Based Funding
FM	Financial Management
GER	Gross Enrollment Rate
GIDC	Government Integrated Data System
GII	Global Innovation Index
GIS	Geographic Information System
GON	Government of Nepal
HEI	Higher Education Institution
HEP	Higher Education Policy
HERP	Higher Education Reforms Project
ICT	Information and Communication Technology
IPF	Investment Project Financing
IRI	Intermediate Results Indicator
IRR	Internal Rate of Return
ISR	Implementation Status and Results Report
KU	Kathmandu University
LMS	Learning Management System
M&E	Monitoring and Evaluation
MOE	Ministry of Education
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MTR	Midterm Review
MWU	Mid-Western University
NER	Net Enrollment Rate
NOU	Nepal Open University
NPC	National Planning Commission
NPHERD	National Program for Higher Education Reform and Development
NPV	Net Present Value
NREN	Nepal Research and Educational Network
NTA	Nepal Telcom Authority
OCE	Office of the Controller of Examinations
PBF	Performance-Based Funding
PDO	Project Development Objective
PIM	Project Implementation Manual
PMT	Proxy Means Testing

PokU	Pokhara University
PU	Purbaanchal University
QAA	Quality Assurance and Accreditation
QAAA	Quality Assurance and Accreditation Agency
QAAD	Quality Assurance and Accreditation Division
RBF	Results-Based Financing
RDI	Research, Development, and Innovation
RF	Results Framework
SFAFDB	Student Financial Assistance Fund Development Board
SHEP	Second Higher Education Project
SMF	Social Management Framework
SSR	Self-Study Report
STEP	Systematic Tracking of Exchanges in Procurement
S&T	Science and Technology
TOT	Training of Trainers
TU	Tribhuvan University
TUODEC	Tribhuvan University Open and Distance Education Center
TUPIO	Tribhuvan University Project Implementation Office
UGC	University Grants Commission

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DATA SHEET

BASIC INFORMATION

Product Information

Project ID	Project Name
P147010	Higher Education Reforms Project
Country	Financing Instrument
Nepal	Investment Project Financing
Original EA Category	Revised EA Category
Partial Assessment (B)	Partial Assessment (B)

Organizations

Borrower	Implementing Agency
NEPAL	University Grants Commission

Project Development Objective (PDO)

Original PDO

To support reforms in selected institutions for improving quality, relevance, and efficiency of higher education; and to assist under-privileged students for equitable access.

FINANCING

	Original Amount (US$)	Revised Amount (US$)	Actual Disbursed (US$)
World Bank Financing			
IDA-55860	65,000,000	62,656,482	60,303,796
Total	**65,000,000**	**62,656,482**	**60,303,796**
Non-World Bank Financing			
Borrower/Recipient	598,000,000	0	559,131,926
Total	**598,000,000**	**0**	**559,131,926**
Total Project Cost	**663,000,000**	**62,656,482**	**619,435,722**

KEY DATES

Approval	Effectiveness	MTR Review	Original Closing	Actual Closing
19-Feb-2015	22-May-2015	11-Dec-2017	30-Jun-2020	31-Dec-2020

RESTRUCTURING AND/OR ADDITIONAL FINANCING

Date(s)	Amount Disbursed (US$M)	Key Revisions
25-Oct-2019	40.42	Change in Results Framework
29-May-2020	48.28	Change in Results Framework Change in Components and Cost Change in Loan Closing Date(s) Reallocation between Disbursement Categories Change in Implementation Schedule
05-Jun-2020	48.28	

KEY RATINGS

Outcome	Bank Performance	M&E Quality
Satisfactory	Satisfactory	Substantial

RATINGS OF PROJECT PERFORMANCE IN ISRs

No.	Date ISR Archived	DO Rating	IP Rating	Actual Disbursements (US$M)
01	18-Jun-2015	Satisfactory	Satisfactory	0
02	09-Nov-2015	Satisfactory	Moderately Satisfactory	7.06
03	07-May-2016	Satisfactory	Moderately Satisfactory	7.06
04	04-Nov-2016	Satisfactory	Moderately Satisfactory	11.28
05	19-May-2017	Satisfactory	Moderately Satisfactory	16.17
06	07-Dec-2017	Satisfactory	Moderately Satisfactory	23.55
07	14-Jun-2018	Satisfactory	Moderately Satisfactory	23.55
08	11-Jan-2019	Satisfactory	Moderately Satisfactory	32.00
09	09-Aug-2019	Satisfactory	Moderately Satisfactory	40.42
10	12-Apr-2020	Satisfactory	Moderately Satisfactory	48.21
11	31-Jul-2020	Satisfactory	Satisfactory	52.48
12	18-Dec-2020	Satisfactory	Satisfactory	58.71

SECTORS AND THEMES

Sectors

Major Sector/Sector	(%)
Education	**100**
Public Administration - Education	8
Tertiary Education	92

Themes

Major Theme/ Theme (Level 2)/ Theme (Level 3)	(%)

Human Development and Gender		100
	Education	100
	Access to Education	25
	Science and Technology	25
	Teachers	25
	Standards, Curriculum and Textbooks	25

ADM STAFF

Role	At Approval	At ICR
Regional Vice President:	Annette Dixon	Hartwig Schafer
Country Director:	Johannes C.M. Zutt	Faris H. Hadad-Zervos
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I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES

A. CONTEXT AT APPRAISAL

Context

1.   **At the time of appraisal of the Higher Education Reforms Project (HERP, the Project), Nepal remained among the poorest countries in the world with a per capita Gross National Income of US$730 (2013).** The country was transitioning from post-conflict status and stood out for its relatively strong recent economic performance. Nepal had achieved the first Millennium Development Goal of halving poverty ahead of time in just seven years. Yet, with an estimated 25 percent of its population still living in poverty in 2010/2011, stronger efforts were needed to achieve further substantial reductions. About 41 percent of Nepal's population was between 10 and 29 years old, and many of these were migrating to cities and abroad in search of employment. The low quality of education and skills limited their potential for securing well-paying jobs that could lift them out of poverty. It also constrained opportunities for domestic and foreign investment due to a shortage of qualified professionals.

2.   **The Government of Nepal (GON, the Government) had been assigning high priority to education as evidenced by its allocating an average 16.9 percent of the national budget to the sector in the previous 10-year period.[1]** Despite continuing challenges, these investments had produced encouraging results, including in improving net primary enrollment and completion rates, and achieving gender parity in net enrollment.

3.   **Although enrollment was increasing, the relatively new and small, but fast expanding, higher education sector was not able to meet the economy's human resource needs.[2]** Higher education enrollment increased at an average annual growth rate of almost 15 percent from 2005/2006 to 2012/2013, when the gross enrollment rate (GER) reached about 17 percent—higher than that of most countries at comparable levels of development. There were nine universities and four health science academies, that received public funding in varying degrees.[3] Of these, only four had sizeable enrollment. Universities are allowed to have constituent and affiliated campuses; affiliated campuses were further classified into community and private campuses.[4] While enrollment was somewhat evenly distributed across different types of campuses,[5] enrollment was concentrated in Tribhuvan University (TU) which accounted for almost 90 percent of total higher education enrollment in 2012/2013.

4.   **Despite previous achievements, the sector continued to face significant challenges.** *Relevance was weak*. There was an acute shortage of graduates in critical areas of human resources—agri-business; energy; information and communication technology (ICT); tourism; and science and technology (S&T), among others. Despite high demand, only about 13 percent of students were enrolled in technical faculties, including medicine, engineering, S&T, and agriculture and forestry. *Quality was low*. Curricula needed revision; an emphasis on analytical and problem-solving skills was

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[1] Regional average was around 14.8%. (source: UNESCO; uis.unesco.org; data as of September 2020. Retrieved from World Bank EduStats)

[2] A description of the university system in Nepal, including basic data, is provided in Section A of Annex 12.

[3] These include TU, Nepal Sanskrit University (NSU), Kathmandu University (KU), Purbaanchal University (PU), Pokhara University (PokU), Lumbini Boudha University (LBU), Mid-Western University (MWU), Far Western University (FWU), Agriculture and Forestry University (AFU), and four Health Academies (HAs).

[4] Constituent campuses are largely supported by public funding for teachers/staff salaries and development expenditures and governed by university administrations. They entertain limited financial and administrative autonomy and no academic autonomy except for those who have received autonomy from the university. While curriculum and examinations for constituent and affiliated campuses come under the jurisdiction of university administrations, the affiliated institutions are independent with respect to financing and administration. Community campuses, which are not for profit, are established through community initiatives and resources. Private campuses are established through private investments. Community campuses receive some financial support from the Government, although levels of support are significantly lower (about one-seventh) than constituent campuses.

[5] Enrollment in constituent, community, and private campuses represented 36.8 percent, 30.2 percent, and 32.9 percent of total university enrollment in 2012/2013, respectively.

needed; quality assurance and accreditation (QAA) systems remained underdeveloped; and research, innovation, and pursuit of excellence were not emphasized as an integral part of teaching-learning and faculty development. *Internal efficiency was low.* High failure rates in examinations were a major issue, especially in programs with centralized annual examinations offered in multiple campuses. Most institutions and programs with high failure rates did not follow a pre-announced academic calendar and had highly centralized academic management. As a result, admissions, classes, examinations, and publication of results were often delayed by about 6 to 10 months. *Access and equity needed improvement.* There were large income and geographic disparities in access to higher education—less than 4 percent of students came from the bottom two consumption quintiles—and scholarship programs had not been effective in improving access and equity due to poor targeting and inadequate amounts. Female participation had increased but still represented less than 20 percent in S&T programs. *Financing was inadequate and the allocation process led to inefficiencies in the higher education sector.* Public higher education was funded through government grants and student fees, with per student allocations varying widely among institutions. These allocations were subject to negotiations and not linked to performance.

5.   **In 2014, the Ministry of Education (MOE) had approved the Higher Education Policy (HEP), prepared by the University Grants Commission (UGC) through extensive stakeholder consultations.** The policy aimed to address the above issues, and in addition: (a) inadequate arrangements for the upgrading, supervision, inspection, and development of campuses; (b) distribution of higher education institutions (HEIs) skewed in favor of more developed regions; (c) lack of accreditation of the majority of HEIs; (d) lack of arrangements for the regulation and monitoring of national HEIs affiliated to foreign universities operating in the country; (e) lack of new thinking to foster the development of the higher education subsector; and (f) inadequate public financing for higher education.

6.   **The World Bank was Nepal's only development partner with significant involvement in the higher education sector and had been supporting the sector under the Second Higher Education Project (SHEP) approved in early 2007 and closed on June 30, 2014.**[6] Achievements under the SHEP included: (a) establishment of a QAA system and accreditation of 12 campuses, (b) granting of autonomy to four TU campuses, (c) introduction of 28 new market-oriented programs, (d) funding for over 700 research projects on a competitive basis, (e) disbursement of performance-based grants to 89 community campuses, (f) introduction of formula-based funding (FBF) for universities, and (g) pro-poor targeted financial assistance for over 14,000 students identified through proxy means testing (PMT). The SHEP had also facilitated nationwide consultations to prepare the HEP. Although the SHEP supported the key reforms described above, there was still a large unfinished reform agenda that included improving the quality and relevance, expanding enrollment especially for students from disadvantaged economic and social backgrounds, and strengthening the internal efficiency of HEIs.

7.   **The HERP was fully consistent with the World Bank Group's Country Partnership Strategy (CPS) FY2014–2018,[7] the CPS in place at the time of project preparation.** The CPS, which was prepared at a time of optimism after the 2013 elections when progress was seen in consolidating peace, focused on establishing the foundations for longer-term inclusive and sustainable growth. Specifically, it responded directly to the CPS' Pillar 2, Promoting Inclusion and Increasing Resilience, by supporting its Outcome 2.2, More equitable access to education and skills development of higher quality and relevance. The HERP's focus on students belonging to the two poorest quintiles selected through the nationwide PMT directly addressed the CPS' goal of providing more equitable access to higher education. The Project's focus on improving quality and relevance of higher education to respond to labor market needs supported achievement of the outcomes of CPS' Pillar 1, Increasing Economic Growth and Competitiveness. Finally, its focus on improving

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[6] World Bank, Nepal Second Higher Education Project, P090967, Report No. 34916-NEP, dated January 17, 2007.
[7] World Bank, Country Partnership Strategy for Nepal for the period FY2014–FY2018, Report No. 83148-NP

efficiency and governance in public universities and on increasing women's access to quality higher education directly addressed two of the CPS' cross-cutting themes.

8.   **The GON had prepared a National Program for Higher Education Reform and Development (NPHERD), approved in 2014, to implement the recommendations of its HEP.** The bulk of the NPHERD is dedicated to higher education reforms: (a) examination reforms, particularly adherence to an academic calendar; (b) expansion of an autonomy agenda to include academic autonomy for affiliated campuses; (c) expansion of FBF, including implementation of performance-based funding (PBF); (d) expansion of QAA systems; (e) continuation of a poverty-targeted scholarship program; and (f) expansion of new academic programs and research in areas of priority for national development. The Government's NPHERD has four components: (a) Higher Education Reforms, (b) Centers of Excellence, (c) System Strengthening, and (d) Regular Program.

9.   **The HERP responded directly to the Government's request for financial and technical support to help address challenges in the implementation of selected aspects of its NPHERD with an enhanced focus on results.** The estimated cost of the six-year (2014–2020) NPHERD was about US$795 million equivalent. The Government's budget for the NPHERD covered almost exclusively the regular operating costs of universities and UGC (estimated at US$595 million). As a result, there was limited fiscal space available to support reform program that would achieve the HEP's objectives. The SDR 44.9 million IDA Credit (US$65 million equivalent) was to contribute to the program's reform objectives. Still, the program's financing envelope faced a financing gap of about US$135 million. This gap was to be financed through expected increases in the share of the Government's education budget allocated to higher education that would allow for the scaling-up of reforms. The World Bank would also bring the technical advisory assistance, including access to international best practices, that would be required to support the continuation of Nepal's ambitious higher education reforms.

Theory of Change (Results Chain)

10.   **The Project Appraisal Document did not include an explicit Theory of Change. The Theory of Change in annex 8 was constructed ex post for this Report based on the Results Chain.** The Project's outcomes were expected to result in four direct impacts on the higher education sector: (a) increased quality and relevance of HEIs' programs; (b) improved equity in terms of access by underprivileged students; (c) improved internal efficiency of HEIs; and (d) greater academic excellence of and research by HEIs. Ultimately, the Project's long-term impact was expected to result in improved relevance, quality, equity and efficiency in higher education. Central to the achievement of these impacts was the establishment of a performance-based system of funding to HEIs on key reforms including, (a) financing for revision of academic programs and autonomy including for examinations and internal processes; (b) extending poverty-targeted financing and financing for research; and (c) extending the national system for accreditation of HEIs that would ensure high quality standards.

Project Development Objectives (PDOs)

11.   The objectives of the Project were to support reforms in selected institutions for improving quality, relevance, and efficiency of higher education; and to assist under-privileged students for equitable access.

Key Expected Outcomes and Outcome Indicators

12.   Five key performance indicators, and related targets, were defined to measure achievement of the PDO:

- **PDO Indicator 1:** Number of accredited HEIs
- **PDO Indicator 2:** Percentage of students enrolled in identified priority areas
- **PDO Indicator 3:** Number of under-privileged students supported under the Project
- **PDO Indicator 4:** Average time taken for announcement of results of bachelor's programs with centralized examinations at TU
- **PDO Indicator 5:** Number of publications in refereed journals by research grants recipients

Components

13.   The HERP aimed to support the Higher Education Reforms and the Regular Program components of the Government's NPHERD through partial financing of faculty salaries, student scholarships and research grants, and financing of capacity building and project management. The Project was structured around two components.

Component 1: Implementation of Reforms (US$790.0 million 2015–2020; US$60.0 million IDA financing)

14.   This component was designed to follow a results-based financing (RBF) approach whereby credit funds would be disbursed upon achievement of results as measured by disbursement-linked indicators (DLIs, annex 6). Disbursements would be against predefined eligible expenditure programs (EEPs) under the NPHERD's Higher Education Reforms and Regular Program components. The component would focus on four results areas.

15.   *Results Area 1: Systemic and Institutional Reforms.* This results area would support reforms associated with (a) more effective public funding of HEIs, (b) institutionalization of the national accreditation system, (c) greater institutional and academic autonomy of constituent and academic autonomy of affiliated campuses, and (d) strengthening of the examination system. Release of funds would be associated with achievement of targets for DLIs 1, 2, 3, and 4.

(a) **More effective public funding of HEIs.** The Project would support the continuation of PBF[8] initiated under the SHEP to HEIs that meet specified eligibility conditions, by providing performance grants for the introduction of FBF for UGC grants to autonomous constituent campuses as well as for the inclusion of outputs into FBF for UGC regular grants to community campuses (DLI 2).

(b) **Institutionalization of the national accreditation system.** The Project would support the establishment of a Quality Assurance and Accreditation Agency (QAAA) within UGC with functional autonomy; about 125 of approximately 1,275 HEIs were expected to be accredited under the Project (DLI 1).

(c) **Greater institutional and academic autonomy.** The Project would support an increasing autonomous constituent campuses and granting of academic autonomy to selected affiliated campuses (DLI 3).[9]

(d) **Strengthening of the examination system.** The Project would support TU's plans to decentralize and modernize the examination system, streamline processes, and enhance implementation capacity of the Office of the Controller of Examinations (OCE) and TU's efforts to maintain the academic calendars of major programs (DLI 4).

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[8] PBF is a subset of FBF. FBF is defined as a method of determination of funding for HEIs based on inputs or outputs or outcomes or a combination thereof. When FBF is entirely based on performance, outputs, and outcomes, it becomes PBF.
[9] Autonomous constituent campuses have academic, financial, and administrative autonomy; affiliated campuses have financial and administrative autonomy.

16.   _Results Area 2: Academic Reforms and Relevance._ The HERP would support academic reforms in all participating universities and campuses focusing on (a) the achievement of better learning outcomes in selected programs and (b) the introduction and expansion of programs in market-relevant and priority areas of development for Nepal (DLI 5).

17.   _Results Area 3: Equity_. The HERP would continue to provide scholarship support to meritorious students belonging to the two poorest quintiles selected through the nationwide PMT, with preferential treatment for female students, for bachelor's students opting for S&T and other areas of national priority; about 7,500 bachelor's degree level and 2,000 higher secondary (science) students were expected to benefit from this program (DLI 6).

18.   _Results Area 4: Academic Excellence and Research_. The HERP would support competitive funding for quality research, development, and innovation (RDI) by students and faculty members with a focus on priority areas. To stimulate faculty research, TU was introducing an alternative pathway for faculty career progression. Teaching and learning would be integrated with knowledge generation through global and national networking and university partnerships (DLI 7).

Component 2: Capacity Building and Project Management (US$5.0 million; US$5.0 million IDA financing)

19.   This component would support effective implementation and monitoring of the HERP by financing inputs and activities to achieve results under Component 1 while enhancing the capacity of the implementing, coordinating, and participating agencies. Technical assistance would finance (a) consultants' services in procurement, financial management (FM), education management information system (EMIS), and information technology; (b) employer, student, and faculty satisfaction surveys; (c) studies associated with implementation of the HEP; (d) impact assessment of project interventions; (e) strategic planning and institutional capacity building; and (f) conferences and workshops. Financing for project management would cover (a) salaries for project staff; (b) staff training and study tours; (c) monitoring and evaluation (M&E), including monitoring of compliance with applicable agreements and guidelines; (d) travel and subsistence allowances; and (e) vehicles, office equipment (including computers), office rental, and other associated costs. This component would also finance activities requiring central-level coordination and support for networking among HEIs to access global knowledge.

B. SIGNIFICANT CHANGES DURING IMPLEMENTATION (IF APPLICABLE)

20.   The Project was restructured twice, first on October 25, 2019, and then on June 2, 2020.

Revised PDOs and Outcome Targets

21.   The PDOs were not revised. The outcome target for PDO Indicator 4 (Average time taken for announcement of results of bachelor's programs with centralized examinations at TU) was revised from 3 months to 5.43 months in the second restructuring.

Revised PDO Indicators

22.   PDO Indicator 1 (Number of accredited HEIs) was revised to 'Number of Accredited/QAA cycle completed HEIs' in the first restructuring. The intermediate results indicator (IRI) 'Number of TU institutions granted autonomy' was also revised to 'Number of TU/other universities, institutions/ programs granted autonomy'.

Revised Components

23.   The Project's components were not revised, but new eligible activities were included as described below.

Other Changes

24.   The first restructuring adjusted the definition of some DLIs, readjusted some DLI targets, and reallocated funds between sub-DLIs within the same DLIs while maintaining their overall DLI targets. The second restructuring reallocated SDR 2.85 million (SDR 1.38 million from Component 1 and SDR 1.47 million from Component 2) to support the HERP's response to COVID-19 crisis through a new DLI 8: HEIs supported to respond to COVID-19 which included four sub-DLIs. A summary of the adjustments to DLIs in the two restructurings is provided in annex 6. The restructuring also extended the Credit's Closing Date by six months to December 31, 2020.

Rationale for Changes and Their Implication on the Original Theory of Change

25.   The rationale for changes in the first restructuring was to (a) simplify the QAA process and incentivize the Quality Assurance and Accreditation Division (QAAD), UGC, and the Government by aligning support with the UGC decision of making the QAA process mandatory for all HEIs by adjusting the QAA process to recognize not only accredited institutions but also those that have the QAA process completed as well (DLI 1); (b) provide greater emphasis to the academic autonomy of programs while reducing the focus on governance and administrative autonomy (DLI 3); (c) encourage progress on RDI awards and publications to promote research and innovation while reducing the focus on faculty recruitment/promotion (DLI 7); and (d) revise annual DLI targets to reflect actual and projected achievements while maintaining the project target intact. The factors that precipitate these adjustments are described in section III B.

26.   The second restructuring adjusted the Project to reflect new requirements that surfaced in response to the COVID-19 pandemic, that would allow further achievement of the PDOs, by (a) conducting online teaching, (b) ensuring that underprivileged students receive support for online learning; (c) conducting one collaborative research on the coronavirus; and (d) upgrading and strengthening the UGC networking for online system support. Neither restructuring affected the original Theory of Change.

II. OUTCOME

A. RELEVANCE OF PDOs

Assessment of Relevance of PDOs and Rating

27.   The PDO continues to be relevant to the World Bank's Country Partnership Framework (CPF) for Nepal for the period FY2019–FY2023,[10] which reflects priorities of the Government's National Education Policy 2019, the Government's Fifteenth Plan 2019–2023, and its Envisioning Nepal 2030 whereby the GON seeks to "…become an inclusive, equitable and prosperous middle-income country with the spirit of welfare state by 2030." Nepal will need to maintain high growth rates to achieve this goal. The CPF outlines the priorities the Government will need to tackle to achieve inclusive and equitable high growth; the Project responds to all of these. The CPF highlights specifically under its Focus Area 3 (Inclusion

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[10] World Bank, Country Partnership Framework for Nepal for the period FY2019–FY2023, Report No. 121029-NEP dated July 10, 2018.

and Resilience) the significant gaps in education and skills development outcomes that persist across Nepal's regions and socioeconomic groups. It also emphasizes that market relevant skills remain scarce, thereby limiting the supply of a productive labor force that will be needed to trigger Nepal's growth. By focusing on improving the quality of the higher education system while promoting greater equity and economic empowerment of women, the Project responds directly to this priority, as highlighted under the CPF's Objective 3.1 (Improved equity in access to quality education). The Project's efforts to improve accountability in the use of government resources through PBF and helping HEIs improve service delivery, respond to the CPF's Objective 1.2 (Strengthened institutions for public sector management and service delivery) under its Focus Area 1 (Public Institutions). Finally, the Project's focus on improving relevance and quality, and producing larger numbers of graduates in priority areas for Nepal's growth responds directly to the CPF's Objective 2.5 (Improved income opportunities) under its Focus Area 2 (Private Sector-Led Jobs and Growth). Creation of better jobs domestically and with increasing incomes is pressing to ensure that youth, women, and marginalized groups participate in future growth while providing the skilled labor the country needs to support future growth. The relevance of the PDOs is rated High.

B. ACHIEVEMENT OF PDOs (EFFICACY)

Assessment of Achievement of Each Objective/Outcome

28.   The Project's objectives were to support reforms in selected institutions for improving quality, relevance, and efficiency of higher education; and to assist under-privileged students for equitable access. For assessing its efficacy, the PDOs are disaggregated as follows: (a) to support reforms in selected institutions for improving quality of higher education, (b) to support reforms in selected institutions for improving relevance of higher education, (c) to support reforms in selected institutions for improving efficiency of higher education, and (d) to assist underprivileged students for equitable access. Although the target for one PDO indicator was adjusted in the second restructuring, the assessment of efficacy is not based on a weighted, split rating as this adjustment is not considered to materially affect the Project's outcome. Consolidated data by type of HEI and campus, at baseline and at completion, is provided in Annex 12. Finally, the Project's Results Matrix include several indicators (DLIs, IRIs, and PDO indicators) along its Results Chain that contributed to the achievement of its PDOs. A set of boxes, setting out the sequencing and progress towards each of the indicator targets was prepared to facilitate the reading of the text below. Due to space limitations in the main text, these boxes are presented in Annex 13.

29.   The Project was successful in meeting and, in some cases exceeding, its objectives, as measured by the PDO indicators and targets that were defined to evaluate its efficacy. As described below, it made significant achievements and had a transformative long-term impact on cementing the reforms that it helped put in place, both at the sectoral and institutional levels, including institutionalizing PBF as an effective mechanism for financing investments. With firm and unwavering commitment by the Government and strong implementation support by the World Bank, the Project was able to achieve impressive results despite the many serious exogenous factors it faced during its implementation period, including political turmoil during early implementation, a massive earthquake shortly thereafter, and the COVID-19 pandemic when it was nearing completion (Section III B).

PDO 1: To support reforms in selected institutions for improving quality of higher education

30.   Progress achieved in supporting reforms in selected institutions for improving the quality of higher education was Substantial, and progress towards accreditation will continue beyond completion given the institutionalization of the QAA process that was achieved. Perhaps the most important institutional achievement was the Cabinet's approval of the Quality Assurance and Accreditation Rule 2017 (2074 BS) establishing the QAAA as an autonomous body within UGC (DLI 1) and institutionalization of the QAA process. The process is described in Annex 12, Section B. As a clarification to the

rule, the financial administration autonomy of the QAAA within UGC was also approved by the UGC Board. The QAAD is working efficiently, with additional staff—national experts and other staff—in place, and accreditation has been expedited although the process has slowed due to the COVID-19 pandemic. UGC has made it mandatory for all HEIs to initiate the accreditation process within the next five years. As of the closing date, 76 HEIs had been accredited or completed the QAA cycle, including the 7 reaccredited HEIs.[11] By April 30, 80 HEIs had been accredited or completed the QAA cycle and 53 HEIs whose self-study reports (SSRs) have been approved were in different stages of the accreditation process and additional 263 HEIs had submitted their letter of intent to initiate the accreditation process (PDO Indicator 1). The UGC has set a target of completing the accreditation/QAA cycle of 130 HEIs in its current fiscal year (July-July). It took between two to four years for HEIs to obtain accreditation, depending upon their understanding of the process requirements and the response of the QAAD in providing feedback on the SSRs and in assigning peer review teams. By engaging in the process of accreditation itself, the Final Evaluation of the HERP (the Final Evaluation) reports HEIs' improvement in several areas that impact upon quality.[12] Students and faculty members' responses are summarized in Annex 9.[13]

31.   The Project also successfully supported additional measures to improve the quality of higher education.[14] It promoted the academic autonomy of 12 TU and two MWU HEIs/programs, eliminating the burden on TU administration and promoting the academic growth of good-performing affiliated campuses by providing them with exam autonomy (IRI 2, DLI 3). The Final Evaluation reported that "Faculty members of autonomous campuses reported considerable improvement in academic environment, administrative system and infrastructural facilities than before autonomy." From the students' perspective, the Final Evaluation reports "the autonomous campuses appeared to have a better status as compared to non-autonomous campuses in teaching and learning activities and various other facets." However, most of the campus heads reported "lack of support from the university, problems in retention of experienced and qualified teachers, particularly of community campuses, and an inadequate amount of Block Grant." It also helped promote a culture of research and innovation to further stimulate quality improvement by supporting a variety of RDI projects (DLI 7, IRI 6), including for dissertation research, graduate student fellowships, and competitively selected research grants. UGC revised its guidelines for research to incorporate approved priority areas, criteria and procedures for funding, supervision, and M&E and competitively selected a total of 1,210 research projects (against a five-year cumulative target of 500 research projects). By completion, the project had exceeded the target for research grant recipients that published articles, studies, and independent research in refereed journals (PDO Indicator 5).[15] A sustainability plan for the research grant program has been prepared and is awaiting approval. Finally, one of TU's reform initiatives to promote excellence in teaching and research involved adopting a system of excellence-based faculty recruitment and promotion that recognizes research accomplishments and academic excellence. TU implemented recruitments in two batches: first, 11 faculty were recruited, and subsequently, 18 were recruited from 22 revised quotas from a short list of 72 candidates,

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[11] At present, UGC only provides accreditation of HEIs – it does not provide program accreditation. Preparations are underway to begin accreditation of (i) individual universities that affiliate colleges, and (ii) individual academic programs.

[12] Centre for Policy Studies and Rural Development, Final Report, Evaluation of Higher Education Reforms Project (HERP, 2014–2020), Submitted to UGC, dated November 27, 2020.

[13] The Final Evaluation analyzed the impact of the Project in terms of (a) accreditation, (b) effectiveness of formula-based/performance-based funding, (c) autonomy, (d) quality reform of HEIs, (e) poverty-targeted approach, and (f) academic excellence and research. It was based primarily on data and information collected from a sample of campuses (120), faculty members (754), and students (3,126), in addition to discussions with other involved participants (Peer Review Team members, Deans, Directors of schools, Directors of the UGC, TUPIO, and QAAD, and so on). Students and faculty members were selected by applying stratified random sampling, and campuses were selected to represent all seven provinces and three ecological belts.

[14] Quality improvements were financed by the performance grants that provided results- and performance-based funding to HEIs against achievements in the areas of governance, quality, relevance, resource generation, and planning following the development of their strategic plans. The performance grant mechanism promoted greater efficiency in resource allocation and usage, and the Project's achievements in this area are described under PDO 3.

[15] The Final Evaluation reported that of the master's students, 8.4 percent received the UGC grant for their thesis, whereas 55.6 percent of MPhil/PhD students had received the grant for their thesis/research support. The largest proportion of faculty members (37.6 percent) responded having received a small RDI grant, 14.8 percent and 13.3 percent received MPhil fellowship and MPhil thesis support, respectively, and the rest received PhD research and fellowship support. Half of the master's students (51.3 percent), 58.2 percent of MPhil/PhD students, and 27.6 percent of faculty members reported that their UGC research grant had produced a positive outcome.

falling slightly short of the target for DLI 7. The interview process was complicated due to COVID-19 travel restrictions for face-to-face interviews and was administered virtually following the passing of the revised regulation soon after the first wave of COVID-19 Pandemic hit Nepal in March 2020.[16]

PDO 2: To support reforms in selected institutions for improving relevance of higher education

32.   Progress toward supporting reforms for improving the relevance of higher education in selected HEIs is rated High as it mostly met or exceeded expectations as measured by progress toward key indicator targets. Based upon a review of existing programs carried out during preparation by UGC with HEIs, and with funding under performance grants, HEIs developed plans to revise their existing programs through updates to the curricula, introduce new programs and additional ones in priority S&T areas, and provide incentives to attract increased enrollments in those priority areas. At baseline, 12.6 percent of undergraduates and 16.7 percent of post-graduates were enrolled in priority areas. By completion, 33.85 percent of undergraduate students and 22.51 percent of post-graduate students were enrolled in programs in identified priority areas (PDO Indicator 2) that had been revised (IRI 3), or in new academic programs that had been introduced (IRI 5, DLI 5). There has been a significant increase in the enrollment of ICT related programs across all universities at both the Bachelor and Masters levels; the latest enrollment in priority areas is expected to surpass project targets. The share of the new and revised academic programs in the priority areas is around 25.80 percent of the total programs of 574 of the project supported universities/ HEIs, while the share of IDA support to the total GON committed budget was around 10 percent.

33.   The TU academic reform program's strategy for making its programs more relevant included the: (a) revision of curricula to address market changes, (b) development of new curricula in emerging priority areas, (c) implementation of the semester system in all graduate programs, and (d) improvement of its examination and student evaluation system. (The last two of these are described under PDO 4). The new programs were developed in coordination with the market to ensure that they responded to expected competencies, and there was continuous involvement of employers from the development of curricula to the delivery of courses to students. TU's curriculum development followed its established process in which subject committees revised the curriculum before approval by the Faculty Board and endorsed by the Academic Council. An evaluation of TU's curriculum development was carried out based on focus group discussions with key stakeholders including deans, teachers, and students from different types of campuses and departments.[17] It found that (a) teachers confirmed that they found the revised courses updated with recent knowledge; (b) in some subjects, annual courses were simply divided into two courses when transitioning to the semester system; (c) curriculum development needs to be an ongoing process in which curriculum, pedagogy, and assessment should go together and teachers should adjust curricula based on interactions between students and teachers; (d) some teachers felt the revised curricula was imposed on them, and they therefore lacked accountability; (e) all participants suggested that courses should be made more interdisciplinary to address market needs; and (f) participants emphasized that research and explorations should be integrated in the academic program from the earliest stage of curriculum development. It also found that the business and management programs were well received by employers and the skills of their graduates matched those required in the workplace. The programs in the science disciplines were similarly found to be useful, given the market relevance of these programs most of the graduates found employment in the private sector. The lack of coordination with the Public Service Commission resulted in the delayed recognition of these new programs, so the graduates of these new programs were not able to find employment in the public sector. UGC carried out a Compiled Tracer Study Report of community campuses that included results from 124 participating community campuses from the base year 2014 through 2018 (23 in 2014, 10 in 2015, 81 in 2016, 85 in 2017, and 94 in 2018) for students from the

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[16] TU Teacher Service Commission's regulation for Excellence-based Recruitment and Promotion Scheme was revised to allow for virtual interview of the final candidates.
[17] Tribhuvan University, Evaluation on Curriculum Revision and implementation of the Semester System in Tribhuvan University, November 2020.

Faculties of Arts, Management, Education, and some sciences at both the bachelor's and master's levels.[18] The Project successfully helped systematize a process whereby HEIs carry out tracer studies as a matter of routine and analyze results as input to establishing priorities.

PDO 3: To support reforms in selected institutions for improving efficiency of higher education

34.   Progress toward this objective was Substantial, and the achievements under this objective will undoubtedly help support the sustainability of outcomes under objectives 1 and 2 above. Efforts to improve efficiency included enhancing OCE's implementation capacity to strengthen the examination system, support TU to maintain academic calendars of major programs, but were especially supported by the expansion and consolidation of the PBF and FBF systems introduced under the earlier SHEP to support institutional reforms in HEIs. UGC provided performance grants for the (a) continuation of PBF for HEIs that began reforms under SHEP; (b) use of FBF for resource allocation to autonomous campuses; and (c) introduction of PBF from the government budget for regular grants to community campuses. Funding was provided to 135 HEIs that complied with eligibility criteria in the Project Implementation Manual (PIM) to help finance their reform efforts (IRI 1, DLI 2). Funding to HEIs was provided against performance in the areas of governance, quality, relevance, resource generation, and planning, and after the development of their strategic plans would include indicators therein, for example, the following as relevant to their plans: completion of QAA and tracer studies, student placement in exams, expansion of enrollment, student employment within six months of graduation, cost sharing rate, graduation rate, introduction of new programs, research publications, and improved gender parity and share of disadvantaged students. Funding was made available for a variety of activities aimed at improving academic and infrastructural facility, all of which help enhance HEIs' quality, relevance, and efficiency. Supported reforms included those for QAA, performance-based financing, autonomy of campuses and schools, reform of examinations and adherence to an academic calendar, revision of existing academic programs, and introduction of new ones.

35.   The outputs, processes, and policies supported by the Project were implemented and the expected outcome as measured by the original indicator 4 target was partially achieved (51 percent) and the revised indicator target was achieved. There have been continued efforts by TU's OCE to further reduce the average time taken for announcement of exam results, and the OCE's capacity was supported to help further reduce these lags. Under TU's academic reform program, all of its master's level programs were switched to a semester-based system and an academic calendar was enforced. Academic reforms – revision of existing programs, introduction of new programs and support the transition to the semester systems - were introduced (above). The semester system was expanded to all of TU's constituent and affiliated teaching units at the master's level and 48 of its programs were adjusted to strengthen programs transitioning to the semester program. The evaluation of TU's implementation of semester system found that: (a) student enrollment in some programs (like the new Master of Business Administration in Tourism/Hospitality) increased with the semester system; (b) even in cases where enrollment decreased, retention and attendance rates increased; (c) the system had a more rigorous mode of teaching and learning through discussion, presentation, term papers, assignments, open book tests, quizzes, field visits, and so on, and both teachers and students had become more technology friendly as a result; (e) a revised evaluation system for semester programs that rely heavily on discussion in class, assignments, projects and presentations have made students more engaged in the learning process; (g) initial indications are that the market response to graduates of semester programs is positive, as is the granting of scholarships to study abroad; (h) it has created an environment conducive to students attending full time, and students are now able to transfer credits to universities abroad. The main challenge is bringing the teaching faculties on board to the new system and providing training required to address issues described earlier including improved enrollment to accommodate students' demand and to improve higher education GER as a priority of the government. Students felt that it would make sense to include

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[18] UGC, A Draft of Compiled Tracer Study Report of Community Campuses (2014–2018) A.D., dated January 2021.

all of the bachelor's level programs under the semester system, as this would lead to greater understanding at the master's level.

36.   TU took other actions to strengthen its examination system, including examination reform and enforcement of its academic calendar. TU's Academic Council revised and approved its academic rules to ensure completion of the academic calendar within one calendar year and also approved a plan for examination reforms, including online student registration and certification approved with special focus on centralized examinations (DLI 4). A deputy coordinator was appointed in the TUPIO to support TU's OCE in its efforts to expedite computerization of student records and monitor implementation of the academic calendar. The OCE implemented this reform supported by an examination module within its EMIS to record data from student registration to marksheet distribution, in all faculties with annual programs at the bachelor's and master's levels. The Project helped support the formation of an EMIS and data management units in HEIs so that accurate data could be obtained on time. TU's EMIS is linked to that system. All records of students from Education, Management, and the Humanities and Social Science Faculties of TU's constituent and affiliated campuses had been computerized by the OCE using the new software program (IRI 4). Results related to adherence to academic calendars exceeded expectations: the academic calendar of 15 program years of centralized masters programs were adhered to (against the expected three program years). Efforts to reduce the average time for announcement of results of bachelor's programs with centralized examinations at TU was reduced to 5.43 months, making some progress from the more than 7 months average at baseline, but falling short of the expected 3 months target (PDO 4). While improving of the universities' system efficiency has been one of the high priority agenda of the GON, UGC in coordination with universities and particularly with TU has been working closely to adhere to this target of 3 months going forward as the TU's stake on this with its more than 75 percent enrollment is very high.

PDO 4: To assist under-privileged students for equitable access

37.   Progress toward this objective is High as the Project: (a) achieved, and in some aspects exceeded, its objective of assisting underprivileged students for equitable access to higher education, and (b) a sustainability plan was adopted to allow continuation of poverty-targeted scholarship scheme. The scholarship program is administered by the autonomous Student Financial Assistance Fund Development Board (SFAFDB) that deposits scholarship funds in recipients' bank accounts to cover tuition, instructional materials, and minimum subsistence costs, including rent when applicable. The SFAFDB monitors schools and campus attendance and students' academic progress. The selection of students is based on a PMT (and self-reporting of household consumption), verified by the SFAFDB on a sample basis. The selection process prioritized females and students in the S&T streams. By completion, the Project had provided scholarships to 7,443 students at the bachelor's level and 2,087 higher secondary science students (PDO Indicator 4; DLI 6). The share of female scholarship recipients increased during implementation. At the higher secondary level, the average share was 33.7, but this increased to 45.2 by the final year of implementation. The share of female students at the bachelor's level was 62.6 percent, well above the targeted 40 percent. The Final Evaluation reports that the overwhelming majority of students (84.3 percent) report agriculture as the main occupation of their parents or guardians. Almost 90 percent of beneficiaries reported using the scholarship for payment of the campus fee and 5.2 percent for the purchase of materials. Almost three-quarters (73.2 percent) reported receiving funds on time. More importantly, almost half of scholarship recipients reported that they would not have pursued further education in the absence of financial support. The Ministry of Education, Science and Technology (MOEST) has approved a sustainability plan establishing the successor of the SFAFDB which will allow continuation of poverty-targeted scholarship scheme.

COVID Response

38.   The Government's response to the COVID-19 was quick, and the timely response to the pandemic allowed for further achievement of the PDOs. Under the second restructuring, DLI 8 was added to the Project's DLI matrix to recognize

progress toward COVID-19 response activities. Following the disruption to higher education due to the COVID-19 pandemic, many universities and colleges quickly initiated online learning starting April 2020. However, these online learning initiatives by HEIs were largely concentrated within the relatively well-off regions and HEIs. Pre-COVID the understanding of and demand for online learning were limited and many of the academic leaders did not perceive online teaching as an option for lagging regions/HEIs, where the internet outreach and the affordability for laptop/mobile devices were limited. Following the project restructuring in June 2020, UGC released funding support to all 12 universities along with an implementation framework, which was instrumental for all the universities to develop their regulatory framework and implementation arrangement on online learning.[19] The World Bank provided technical assistance for capacity building, bringing the experiences and lessons learned with online teaching under the Tribhuvan University Open and Distance Education Center (TUODEC) and Nepal Open University (NOU). The HERP helped HEIs in (a) strengthening ICT infrastructure and developing Learning Management System (LMS) and (b) supporting digital capacity-building training, including the development of audiovisual materials, online library outreach, and live classes. UGC launched an updated online system of review and monitoring of research, quality assurance, and accreditation. As a part of sub-DLI 7 activity the TU Service Commission also administered online interview and selection of new faculty members involving expert-panels from across the globe. Work to strengthen the EMIS through improved online data feeding from HEIs is in progress. UGC has also launched an integrated learning portal to run self-learning courses in association with academic institutes.

39.   The Project has made good progress in conducting online programs: 380 HEIs have adopted online teaching against the project target of 300 HEIs. Three collaborative research projects on COVID were selected to receive research grants, and draft reports on two of these had been received by completion. Progress on aiding underprivileged students through scholarships is partially achieved (2,997 students supported). More importantly, there has been a paradigm shift in the approach of HEIs' leadership and academia—universities have passed the regulatory framework for online/blended learning including assessments/examinations. First rounds of online examinations were conducted by many universities including in lagging regions. Learning from international practices, some of the universities also revised the examination modality using improved questions items with extra weightage on analytical skills and higher order thinking skill. As reported, these practices were well accepted by the academia, students, and guardians as these efforts were also toward adhering to the academic calendar and timely graduation. Annex 10 details the progress made by TU and other universities to support the COVID-19 response and the rollout of online learning. The MOEST/UGC, universities, and academia have also agreed to expedite further initiatives to address the challenges as a way forward.

Justification of Overall Efficacy Rating

40.   Overall efficacy is rated Substantial, based on Substantial ratings for improving quality and efficiency, and High ratings for improving relevance and equity. Both the quality and equity objectives achieved extremely significant achievements, all the more so since they have institutionalized policies and adopted measures to ensure their sustainability, including the establishment of the QAAD with plans to require accreditation of all HEIs within five years, the sustainability plans for the research grants and SFAFDB, and the adoption of new criteria for hiring/promoting faculty for HEIs. The internalization of performance-based financing as the method used to finance HEIs, along with other actions and results described earlier, was an especially significant achievement that helped improve efficiency in resource usage in the higher education sector.

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[19] The UGC not only released funding support to all 11 universities and their constituent and affiliated community campuses under NPHERD supported by the project, but also launched communication strategy and capacity building of the universities and HEIs for online learning. As a result, the universities/ HEIs upgraded their IT units, launched online program in a very short period, signed memoranda of understanding (MOUs) with Telecom service providers (Nepal telecom and Ncell) for educational data package in a highly subsidized cost. Universities also signed MOUs with Nepal Research and Educational Network (NREN), a member of the Global NREN. The encouraged HEIs also mobilized their own resources for additional hardware such as laptops, lab facilities and so on.

C. EFFICIENCY

Assessment of Efficiency and Rating

41.   The Project's economic efficiency is High. An ex post economic analysis was carried based on the realized data at the end of the project (Annex 4).[20] The result of the ex post analysis yields internal rate of return (IRR) of 31 percent and a net present value (NPV) of benefits between US$ 86 million (12 percent discount rate) to US$ 204 million (8 percent discount rate). These are likely lower bound estimates, as positive externalities associated with enhanced education quality and equity arising from a healthier, better educated, and equitable/inclusive society have not been included in the analysis. The driving force behind this increase in the IRR was the massive increase in the number of students who were enrolled in the priority areas. For example, the percentage of students enrolled in priority areas at the undergraduate level at baseline was at 12.7 percent and had increased to 33.8 percent by 2020. In addition to enrollment of students in the priority areas, assumptions regarding the wage premium also have a large impact.[21] The sensitivity analysis shows that the IRR ranges from a low of 20.8 percent to a high of 38.7 percent when the assumptions on the wage premium are changed. For example, when the wage premium decreases to 0.5 percent, the IRR decreases to 20.8 percent. If the wage premium is increased to 1.5 percent, the IRR would increase to 38.7 percent. The NPV ranges from a low of US$29 million (0.5 wage premium and 12 percent discount rate) to a high of US$342 million (1.5 wage premium and 8 percent discount rate).

42.   The Project's implementation efficiency was Substantial. The Project was implemented with only a six-month extension of the closing date, despite the many serious exogenous events that unfolded during its implementation (Section III B). The six-month extension was required mostly due to delays in implementation and evaluation precipitated by the COVID-19 pandemic but allowed for efficiency gains through timely support for the COVID-19 response in higher education. By the closing date, all DLIs had been met with the exception of DLI 1 (about 70 percent achieved, SDR 1.209 million undisbursed), DLI 7b (86.4 percent achieved, SDR 0.077 million undisbursed), and DLI 8b (21 percent achieved, SDR 0.3 million undisbursed), which had been partially achieved (annex 6). About SDR 1.631 million remained undisbursed as of the closing date.[22]

Assessment of Efficiency and Rating

43.   Efficiency is Substantial based on High economic efficiency and Substantial implementation efficiency.

D. JUSTIFICATION OF OVERALL OUTCOME RATING

44.   Overall outcome rating is Satisfactory based on High relevance and Substantial efficacy and efficiency.

E. OTHER OUTCOMES AND IMPACTS (IF ANY)

45.   **Gender.** The Project's Vulnerable Community Development Framework (VCDF) (section IV B) includes a Gender Action Plan to ensure that women are able to participate in and benefit from project activities. In fact, criteria for

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[20] The ex post economic analysis does not assess realized benefits and costs related to the Project using a 'counterfactual' identification approach where the additional cost is compared with the additional benefits accrued from HERP, which is done in many IDA-funded projects. This is because the earlier ex ante economic analysis did not use that approach and the results would not be comparable. Instead, it estimates the present values of the benefits accrued from various components within the Project and the total costs only.

[21] The number of beneficiaries for different components also play major roles in IRR, but these figures are calculated using actual figures.

[22] Includes undisbursed amount under components 1 and 2 and represents about 3.6 percent of the total project fund.

providing scholarship support to underprivileged students assign preferential treatment to female students. To track progress, the Project's Results Framework (RF) included disaggregated information to monitor the number of female underprivileged students supported by the Project. Of students that benefited from financial assistance, 62.5 percent of the 7,443 students at the bachelor's level and 33.7 percent (average) and 45.2 percent (last cohort) of the total 2,087 students at the higher secondary level were females.

46.   **Institutional Strengthening.** Institutional strengthening of the UGC, TU, and SFAFDB was intertwined throughout the Project's objectives, in helping build capacity to manage activities and programs implemented by HEIs under each of the results areas as well as through provision of direct technical assistance and support to build their capacity as provided under Component 2. The Project, by design, aimed to and helped strengthen the capacity of participating HEIs not only to deliver higher-quality, relevant academic programs but also to manage those programs so as to improve their effectiveness and efficiency. The various achievements in terms of institutional strengthening are described in section II B. The most notable are the functioning of QAAA within UGC with autonomy, including financial autonomy and a sustainability plan for the pro-poor targeted scholarships.

47.   **Mobilizing Private Sector Financing**. Mobilizing private sector financing was not an objective of the Project. Resources under the Project for quality and other reforms, scholarships, and research grants were made available to constituent and community campuses. Private campuses were eligible to participate in QAA only.

48.   **Poverty Reduction and Shared Prosperity.** The Government's agenda prioritizes access to quality education for underprivileged students. The Project's Results Area 3 (equity) had the specific objective to improve access to higher education by students from the poorest two quintiles. It continued a highly successful program of providing financial assistance to needy meritorious students at the higher secondary and bachelor's levels through the use of PMT that had been introduced under the SHEP. Under this program, the Project benefited 2,087 students at the higher secondary level and 7,443 students at the bachelor's level. Further details are provided in section II B.

III. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME

A. KEY FACTORS DURING PREPARATION

49.   **The World Bank was Nepal's only development partner with significant sustained involvement in the higher education sector and had been supporting the sector through UGC[23] under the SHEP.**[24] Although the SHEP supported the key reforms described earlier, with perhaps the most important being the introduction of QAA of HEIs and strengthening research and accreditation also by establishing two separate divisions at UGC, there was still a large unfinished reform agenda. That agenda included improving the quality and relevance of higher education, expanding enrollment especially for women and students from disadvantaged backgrounds, and strengthening the internal efficiency of HEIs. The establishment of a QAAA with functional autonomy within UGC was seen as a first step toward the Government's plans to put in place an independent National Accreditation Board.

50.   **The World Bank's financing was provided under an Investment Project Financing (IPF) instrument, and its design followed an RBF modality to support implementation of the Government's reform program.** It supported both the Reforms and Regular Program components of the NPHERD. Disbursements under Component 1 were to be made against selected budget expenses incurred under EEPs and upon achievement of predefined targets measured by 7 DLIs

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[23] Before the UGC was established, the other World Bank-supported higher education projects, among others, were Institute of Engineering Development Project (1977–1989), Engineering Education Project (1989–1999), and Higher Education Project 1994–2001.
[24] World Bank, Nepal Second Higher Education Project, P090967, Report No. 34916-NEP, dated January 17, 2007.

and 11 sub-DLIs.[25] The EEPs included salaries of faculty and staff of TU campuses, scholarships to students, and RDI grants to faculty and students. Disbursements would require that expenditures for the EEPs were reported and verified and that prespecified DLI targets had been met and validated. The amounts assigned to each of the DLIs were determined in a way that reflected the GON's priorities, reform significance and with the objective of simplification, subject to an annual maximum for each DLI. The instrument's design following an RBF modality benefited implementation by shifting the focus to the achievement of results as opposed to the financing of inputs alone. Component 2 followed regular transaction-based disbursement procedures.

51.   **The Project's institutional arrangements followed those of the SHEP and relied to the extent possible on the Government's established systems (for M&E, budgeting, funds flow), but institutional capacity needed strengthening.** UGC, under the policy guidance and coordination of the MOE and counting upon its regular administrative system, was responsible for overall implementation, in close coordination with the MOE, TUPIO, SFAFDB, and participating institutions. UGC was to continue reporting to the MOE and benefit from guidance and facilitation by a Steering Committee, headed by its Chairperson and comprising representatives from the National Planning Commission (NPC), the Ministry of Finance (MOF), MOE, TU, SFAFDB, and independent experts. While all of these institutions had gained experience with the project implementation under the SHEP and were familiar with the World Bank's fiduciary, safeguard, and reporting requirements, and with RBF, their implementation required improvement. Further, the hiring of staff to high-level positions was often delayed due to political considerations, and the hiring of staff to project positions was delayed due to the absence of members of UGC.

52.   **The Project's risk analysis identified correctly key risks and related mitigation measures but could not foresee some of the political and natural disaster risks that affected implementation.** The Project's overall risk was rated Substantial. Key risks included (a) design of the instrument as an IPF with DLIs, an approach new to Nepal, and that could be affected by capacity constraints and/or inadequate monitoring; (b) possible impact on stakeholders and beneficiaries given the Project's aim to achieve major systemwide reforms that could face resistance from vested interest groups; (c) potential delays in appointing staff to key project positions due to possible difficulties in reaching political consensus on new appointments; (d) possible inadequacy of project resources to transform traditional academic programs to labor market-relevant ones that contribute to priorities for growth and development, potentially leading to unregulated growth of programs in traditional fields; and (e) conceivable difficulties to recruit qualified teachers, especially in some of the priority areas of development, and retain them in less developed regions. Actions were taken to mitigate some of these risks, but a few materialized (for example, institutional capacity, delays in appointing staff to key positions); intensive implementation support and commitment by the Government helped address them. The risks that had not been, and probably could not have been, identified were those relating to the impacts of natural disasters, political disruptions, and a pandemic.

B. KEY FACTORS DURING IMPLEMENTATION

53.   **The SDR 44.9 million (US$65 million equivalent) Credit from the IDA for the HERP was approved by the World Bank's Board of Directors on February 19, 2015, signed on April 6, 2015, and became effective on May 22, 2015.** Despite early implementation challenges, the Project was never considered at risk according to rating in the 10 World Bank Implementation Status and Results Reports (ISRs) that were filed over its life. The Project's implementation was affected by a series of exogenous events that resulted in delays in addressing up-front actions given the Government's focus on more pressing concerns, including political turmoil and natural disasters.

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[25] 8 DLIs and 15 sub-DLIs post 2nd restructuring.

54.   **Aftermath of political turmoil.** The first of these events was drafting a new Constitution by a Constituent Assembly in place since April 2008 following Nepal's 2006 peace deal. Faced with disagreements among political parties regarding contentious issues, the first Constituent Assembly was not able to accomplish its task and a new Assembly was elected in November 2013. Faced with a devastating earthquake (see below), Nepal's political parties intensified their effort to adopt a new Constitution, after eight protracted years of deliberations. A new Constitution was rapidly and unexpectedly promulgated on September 20, 1995, spurring protests and clashes in Nepal's southern belt bordering with India. The occasionally violent and deadly protests led to a near-complete disruption in cross-border trade, resulting in acute shortage of fuel and essential supplies and goods across a country devastated by earthquakes. The trade disruptions lasted over four months and, on top of earthquake reconstruction efforts, affected economic activity and concerns and government priorities across the board.

55.   **Natural disasters.** In April/May 2015, devastating earthquakes struck Kathmandu and surrounding areas, killing an estimated 8,000 persons and causing losses estimated at US$7.1 billion, putting a damper on poverty reduction efforts. The HERP became effective as Nepal was being devastated by earthquakes, and early decisions were delayed as a result. The FY2015 Annual Work Plan and Budget had yet to be approved, the establishment of an autonomous QAAA within UGC was not anticipated by the expected date (June 15, 2015), and both a new Chairperson of UGC—the key official responsible for the Project—and the Executive Director of SFAFDB had yet to be appointed. As an interim arrangement, implementation of QAA was being carried out by the QAAD of UGC. The disruption in border trade and unrest in the Terai Region caused an acute shortage of fuel and a scarcity of supplies, challenging the normal operation of project offices and beneficiary institutions. Project dissemination activities suspended; the regional dissemination seminar was held in the Central Region only; and orientation schedules for research, reform grants, QAA, and introduction and revision of academic programs were all affected. Some examinations were postponed, with potential implication in maintaining academic calendars. The collections of students' applications for financial support for Grade 11 students had been completed, but their final selection and opening of individual student's bank accounts for disbursing scholarship funds in the Terai and other regions were delayed, as was the collection of students' applications for bachelor's degrees.

56.   **The final stage of implementation faced a different type of disaster.** The outbreak of the COVID-19 pandemic in early 2020 affected implementation in two ways. First, in-person classroom teaching was halted. Second, collection of data for final evaluations was put on hold, including those related to (a) accreditation, (b) effectiveness of formula-based/performance-based funding, (c) autonomy, (d) quality reform of HEIs, (e) poverty-targeted scholarship approach, and (f) academic excellence and research. To help the Government address challenges, the second project restructuring introduced a new DLI (and funding) focusing on COVID response as follows: (a) conducting online programs, (b) assisting underprivileged students to access online learning, (c) supporting collaborative research on coronavirus, and (d) upgrading and strengthening UGC networking for online system support. These investments will no doubt help strengthen HEIs' ability to weather future emergencies.

57.   **Leadership of the implementing agency.** Despite the challenges with the external environment and their implications on early implementation, the Project was making steady progress, owing to the Project's strong leadership. By late 2015, the progress toward Year 1 DLIs was largely on track, three HEIs had been accredited, and five others were in the pipeline, Bachelor's level students were enrolling in priority areas, underprivileged students were being selected for financial support, 60 institutions had been selected for reform support through PBF, and one TU campus had been granted autonomy. The Chairperson of UGC and two members of the Commission were appointed on September 29, 2016 and took proactive steps to expedite the HERP's implementation. Implementation continued to progress, but discussions during support missions and the midterm review (MTR) confirmed the need for a project restructuring that would include rewording and fine-tuning DLIs and the RF, adjusting them to reflect implementation experience and adapt them to the new reality.

58.   **Ambitious legislative efforts by the implementing agency.** The Cabinet passed the Quality Assurance and Accreditation Rule 2017 (2074 BS) establishing the QAAA as an autonomous body within UGC. The UGC Board decided that the financial administration of the QAAA would be managed separately by a Finance Officer within UGC. UGC strengthened the QAAD by recruiting national experts and additional staff and accelerated the review of SSRs submitted by HEIs. In December 2017, the UGC Board decided to make the QAA process mandatory for all HEIs. With this decision, HEIs' interest in accreditation increased significantly. And with increased capacity of the QAAD, potential and interested institutions began receiving timely support with guidance and technical review. Two groups of institutions emerged: 'accredited' and 'QAA cycle completed'.[26] The latter met all requirements and criteria for being accredited but were one step behind the accredited ones: they needed to obtain peer reviewers' additional recommendation. Given the limited peer reviewers, the process was slowing. To incentivize the HEIs, the QAAD and UGC would work expeditiously so that more institutions completed the QAA cycle while increasing the pool of peer reviewers. To retain and consolidate this incentive at the UGC and HEI level, the Project (and UGC) began to recognize both categories of institutions (accredited and QAA cycle completed) for DLI 1.

59.   **Persistent political challenge in the higher education system.** The impact of a highly politicized teachers union precipitated modifications to two DLIs. First, the Project in its design stage focused more on governance/administrative autonomy with an assumption that this would facilitate academic autonomy. However, the governance/administrative autonomy was not able to leverage major academic reform under the affiliation system largely because of the teachers union. The focus on academic autonomy was working well, so the Project and DLI 3 provided greater focus on that. Second, the Project aimed to promote research and innovation by encouraging progress on RDI awards and publications and by introducing and excellence-based faculty recruitment and promotion scheme. This new scheme would have differed from that in practice, as it would have required a PhD as a minimum and given lower weight to experience and higher weight to publication in journals for recruitment and promotion. This became the subject of contention with the teachers union, and as a result DLI 7 increased its focus on recognizing research projects rather than on teachers recruited/promoted.

60.   **Proactive actions for project reorientation responding to challenges.** Implementation made important progress following the first project restructuring and the actions taken to simplify the QAA process and incentivize institutions to expedite implementation. There was a notable acceleration in the number of HEIs either accredited or in the process, in granting autonomy to different campuses, of releasing performance-based grants and FBF, of introducing and/or revising academic programs, selecting students for scholarships for competitive research projects and disbursing related funds, and recruiting faculty. Targets for several DLIs had been achieved, and disbursements were accelerating, reducing the earlier lag. Also, several end-of-project targets for PDO indicators had been met or were well in the course of being met. Monitoring of safeguard and fiduciary compliance was improving given proactive actions taken (section IV B).

IV. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME

A. QUALITY OF MONITORING AND EVALUATION (M&E)

61.   **M&E Design.** M&E under the Project had two facets**.** There was routine M&E of project activities. Project M&E was to be carried out counting upon (a) routine biannual project monitoring based on the Project's RF; (b) biannual reviews of a consolidated progress report of results achieved under each DLI, submitted by UGC based on the achievement report

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[26] Completion of peer review for QAA.

by respective implementing agencies[27]; (c) an MTR covering a detailed analysis of progress and issues halfway through implementation; (d) employer, student, and faculty satisfaction surveys; (e) tracer studies of students receiving poverty-targeted scholarships; and (f) different evaluation studies. The Project's RF was concise, with five PDO indicators corresponding to each of the Project's results areas and seven intermediate outcome indicators, all with baselines, targets, and detailed descriptions of how progress was to be measured. The DLI matrix was similarly aligned with the Project's five results areas, with explicit, detailed descriptions of evidence required to substantiate achievement as well as whether DLIs were scalable and subject to rollover. The DLI matrix was aligned with the Project's RF and included a mix of both actions required to achieve results as well as payments in recognition of results achieved over the expected five-year implementation period. Also, the Project would support the strengthening of the EMIS at the UGC and TU and assist other universities in establishing their own EMIS. In fact, the establishment of an EMIS unit or designation of an EMIS focal person, together with regular reporting of EMIS data, regular publication of an annual report, and the disclosure of information on its website, all as prescribed by UGC, were basic eligibility requirements for HEIs to participate in QAA and performance-based financing for reforms under the Project. UGC was to have primary responsibility for project monitoring, with TUPIO, QAAA, and SFAFDB responsible for M&E activities corresponding to their respective subcomponents. Each of the implementing agencies would designate at least one monitoring officer, and the Project was to strengthen their existing M&E capacity, especially since the disbursements would be triggered based on compliance with DLIs.

62.   **M&E Implementation.** The implementation of M&E varied by process. The Project's progress was monitored routinely, as planned, through achievement of yearly targets for the seven DLIs corresponding to systemic reforms, five PDO indicators measuring outcomes, and eight intermediate outcome indicators. The DLIs were carefully defined and calibrated to pace disbursements in accordance with progress toward PDO and intermediate outcome indicator targets. Minor adjustments were made to the Project's RF and DLI targets in both restructurings, as justified to reflect implementation progress and adjustments to activities. Survey and evaluations suffered delays in contracting (for example, the Beneficiary Satisfaction Survey) and later carrying out surveys, tracer studies, and evaluations due to difficulties in collecting data because of the COVID-19 pandemic. Nevertheless, several surveys and evaluations had been completed before or shortly after completion: (a) Evaluation of HERP, (b) Evaluation on Curriculum Revision and Implementation of Semester System in TU and (c) a draft of Compiled Tracer Study Report of Community Campuses 2014–2018. Strengthening of the EMIS was more challenging, but in the end progressed well. UCG encouraged and supported different HEIs to develop their EMIS and related management units to improve data collection and analysis. Different modules were prepared, including an examination module; OCE of TU developed a cohort-wise comprehensive student database tracking student from application to graduation; and student data were transferred from the old program to the new one. The TUPIO and SFAFDB EMIS are linked to the UGC data system. UGC routinely monitored individual HEIs following the national M&E guideline issued by the NPC, collecting data regarding performance grants disbursed from its regular budget. UGC developed an integrated M&E master plan to make M&E more coordinated and effective. It updated the M&E tool, incorporating the Environmental and Social Management Framework (ESMF) indicators in the tool. The geographic information system (GIS) mapping of 1,407 campuses was completed, and a mobile application and a web-based data collection system are being developed.

63.   **M&E Utilization.** Besides the benefits that accurate and timely data provide for assessing the effectiveness of programs and making midcourse corrections when needed, M&E under the Project was critical to link financing to results**.** Disbursements by UGC followed a system of PBF that has now been cemented as the system for financing its grants to

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[27] The DLI Verification Protocol included the following steps: (a) Step 1 - for each reporting period, UGC prepares a progress report of results achieved under each DLI based on the achievement report submitted by respective implementing agencies; (b) Step 2 - UGC submits the consolidated DLI achievement report, including cumulative figures where specified, to IDA during each reporting period; (c) Step 3 - the IDA task team reviews the progress report, including through the collection of additional information as required, and (d) Step 4 - IDA certified the extent of each DLI targets achieved and communicates the same to UGC for further action.

HEIs. Disbursements from IDA to the Government were triggered by the achievement of pre-agreed actions reflected in the DLI matrix. The system of tracer studies (section II B) allows HEIs and UGC to analyze the impact of activities to improve academic quality, relevance, and efficiency and to determine future priorities.

Justification of Overall Rating of Quality of M&E

64.   **Overall quality of M&E is rated Substantial.** Its design was concise and adequate to measure the Project's progress and pace disbursements to advance toward its PDO through well-defined and coordinated DLIs. The systemic M&E was well prepared and designed and relevant to the objectives of expanding the use of performance-based financing to support implementation HEIs' various reforms and their grant financing provided under the Project. Implementation of the latter was challenging simply given the number of different institutions that need to improve their data collection and monitoring capabilities. But both aspects of monitoring were reliable for supporting PBF for UGC and SFAFDB grants and for pacing disbursements and, together with evaluations, for assessing results of the World Bank-financed project.

B. ENVIRONMENTAL, SOCIAL, AND FIDUCIARY COMPLIANCE

65.   **Environment.** Although World Bank funding was not to support the procurement of infrastructure work, and large-scale environmental impacts were not expected, the Project triggered OP/BP 4.01 since government funding under the NPHERD could possibly finance moderate civil works, such as refurbishment and/or rehabilitation of existing structures, construction of annex buildings, addition of stories on existing facilities, and construction of workshops and laboratories. UGC drafted an Environmental Management Framework (EMF) to be followed under the HERP, based on the country's environmental regulations and World Bank environmental safeguard requirements. As designed, the application of the EMF to the HERP during implementation was to be at the system level, not to review each civil works activity.

66.   **Social.** The Project triggered OP/BP 4.10 to ensure that its benefits to Indigenous Peoples and other vulnerable communities were maximized, while any potential adverse effects were mitigated. Because of the complex composition of Nepal's population where difficulties arise in separating Indigenous Peoples from vulnerable groups, a VCDF was prepared as part of the Social Management Framework (SMF) in lieu of the Indigenous People's Development Plan to ensure vulnerable communities' access to project benefits. A Gender Action Plan was also prepared as part of the SMF.

67.   Implementation of environmental and social (E&S) safeguards was the responsibility of individual HEIs that were to receive guidance to carry out screening using checklists that would later be endorsed by UGC when selecting individual proposals. Implementation of environmental safeguards was mostly Moderately Satisfactory, with the exception of one short period where the environmental safeguard and consequently the overall safeguard ratings were downgraded to Moderately Unsatisfactory. The main issue related to not conducting screening, documenting, and reporting as required by the EMF and SMF (as opposed to major environmental or social issues). This was because some beneficiary HEIs had not completed the requisite screening required, and there was slow progress in enforcing screening, particularly for civil works and adopting suitable mitigation measures by the beneficiary HEI before construction was initiated. The UGC/TUPIO implemented measures to address these issues, including the hiring of an E&S safeguards consultant to assist grant recipients in carrying out the E&S screening and implement other safeguards measures and establishing a committee to plan, oversee and manage E&S compliance monitoring. Performance improved partially with these actions, and the main remaining issues related to gaps in environmental and social documentation and link with the Project's procurement plan. Screening reports revealed no adverse impacts related to either involuntary resettlements or on indigenous and vulnerable people. In fact, the Project exceeded expectations in benefiting underprivileged female students (section II B). UGC has submitted the E&S monitoring report, although these activities were delayed due to the COVID-19 pandemic.

68.   **The Project has a well-established grievance redress mechanism at the implementing agencies' level accessible to the project-affected people, students and community members.** Complaints have been properly documented and the

complainants informed of actions taken through emails, SMS, or phones. UGC and TUPIO formed a technical team to monitor the GRM and other provisions included in the ESMF. Over the project period, about 100 complaints were recorded by UGC, of which about two-thirds were resolved, and the remaining ones were under review and investigation at the time of project closing. As of June 2021, all remaining complaints had been resolved. The grievances pertained mainly to poor work quality, delay in work, and financial irregularities. The SFAFDB set up different committees to review and redress each individual grievance filed with the mechanism and get back to grievance applicants through SMS, phone calls, or in person. About 500 complaints recorded by the SFAFDB were related to scholarship results and students claiming their entitlement for scholarships.

69.   **Fiduciary.** UGC was the focal agency responsible for coordinating with TUPIO and SFAFDB for overall project FM including budgeting, financing reporting, and funds flow management. In view of previous issues with FM performance under the previous project, the overall project FM risk was rated Substantial. To mitigate this risk, finance officers were appointed to each of these agencies to handle project-related FM and to ensure FM coordination between implementing agencies. Still, FM performance under the HERP faced issues at times and was frequently rated Moderately Unsatisfactory in the Project's ISRs. FM issues surfaced in 2018, with delays in submission of financial reports; lack of presentation of information on grant utilization and other information required for audits; and failure by UGC to collect, follow up, and maintain details on EEPs, including information on scholarships and research grants and from TU cost centers from TUPIO. Budget allocations were delayed on occasion, requiring a prioritization of activities within approved allocations and expenditure recording was frequently delayed. The FY2016/17 external audit was qualified due to non-submission of accounts of TU units for audit, including lack of documentation on grant utilization. Several actions, focused especially on closer monitoring, were agreed to address these issues. By June of 2020, UGC, TUPIO, and SFAFDB had completed all of the actions agreed, and there are no outstanding financial reports. UGC and other implementing agencies have continued to follow the required internal controls while releasing the grants to HEIs, obtaining expenditure reports for performance grants, and preparing bank reconciliation statements. Scholarships are paid through Rastriya Banijya Bank and are verifiable.

70.   Since disbursements under Component 1 were made against EEPs for faculty and staff salaries, student scholarships, and RDI grants to faculty and students, the World Bank's procurement guidelines applied only to expenditures under Component 2 (consulting services, training and goods). Both UGC and TUPIO, agencies with the bulk of procurement activities, had gained procurement experience through implementation of the SHEP. To support implementation a procurement specialist was contracted to UGC to support the existing procurement officer and also support TUPIO and SFAFDB with their procurement needs as well as to guide HEIs on procurement needs. TUPIO subsequently contracted a procurement officer as well. Other than minor delays in contracting (for example, the beneficiary survey) that resulted in the downgrading of the ISR procurement rating to Moderately Unsatisfactory, there were no procurement issues. Procurement plans were prepared and updated on time, and procurement data were uploaded to the Systematic Tracking of Exchanges in Procurement (STEP) system. UGC provided hands-on training and monitoring of the procurement of HERP beneficiary HEIs, sharing their good practices on procurement to help strengthen the overall governance and fiduciary management system of HEIs.

C. BANK PERFORMANCE

71.   **Quality at Entry. The World Bank's performance in ensuring quality at entry is rated Satisfactory.** The Project has responded directly to the Government's request for technical and financial assistance to support its NPHERD. In effect, the World Bank is the only major donor supporting higher education in Nepal, and its assistance has been a continuum over the years, with the Project advancing programs and activities that provided continuity to the World Bank's support for the SHEP. Project design built heavily upon lessons from earlier experience, but at the Government's request adopted

a greater result focus to parallel the focus on HEI performance as a basis for their financing. It was strategically aligned with the World Bank's CPF (Section III B). The preparation team helped design a project that corresponded to the Government's needs and capacity to implement. The preparation team ensured that the Project was relatively simple to monitor and that disbursements would be made against the achievement of DLIs that represented important milestones toward achievement of the PDOs. It was ready for implementation after approval but suffered from exogenous events beyond its control. Risks were correctly identified, but it was hard to imagine that the crises that affected the Project's implementation could be predicted and, even if they could be, that mitigating factors could have been designed to lessen their impact.

72.   **Quality of Supervision. The World Bank's performance in ensuring quality of supervision is rated Highly Satisfactory** in view of the Task Team's continuity over the Project's cycle, its ability to navigate the multiple exogenous factors that affected the Project during implementation, and its strong relationship with the counterpart**.** Despite good preparation and readiness for implementation, the Task Team faced a difficult environment from the start. In response, it provided significant support throughout the Project's implementation. It held regular meetings and conducted a much higher-than-usual contact with the Government to support implementation closely. The two co-task managers of the World Bank's team were Kathmandu-based local technical staff, and were responsible for support from preparation through completion. Because of this, the team was able to provide close technical support, including frequent just-in-time support to strengthen the capacity-building efforts, and help mitigate issues that could delay the Project's implementation given the impact of exogenous crises. Implementation support addressed fiduciary and safeguard issues routinely and, supported by the instrument's design, RF, and DLI matrix, focused heavily on results. The team produced 10 ISRs, with detailed and realistic information on progress. Two restructurings were prepared during which minor changes to DLIs, targets, and activities were formally revised in the RF. The restructurings were timely and results oriented while considering implementation progress and external events. The first restructuring was pragmatic in the sense that it focused on results and progress toward goals in relation to intended outcomes as opposed to strictly in relation to preidentified terminology and names (for example, having accreditation viewed as a process instead of only a final achievement or establishing the QAA with financial autonomy under UGC, as opposed to a separate, new institution). The second restructuring, in response to the COVID-19 pandemic, was timely and responsive to emerging needs while at the same time using the opportunity to help build capacity to face future challenges.

Justification of Overall Rating of Bank Performance

73.   **Overall rating of World Bank Performance is Satisfactory.** The Project was well designed and conceived (Quality at Entry) and was subject to intensive supervision, quick response, and adjustment, especially given the numerous exogenous challenges it faced during implementation (Quality of Supervision).

D. RISK TO DEVELOPMENT OUTCOME

74.   The President on May 22, 2021, at the request of the then incumbent Prime Minister, had dissolved the Parliament for the second time in 5 months and announced mid-term elections. However, following the Supreme Court's verdict, a new coalition government has been formed led by the opposition Nepali Congress Party and has won the vote of confidence to run the government for the remainder of the term of the House (17 months). The provincial levels could be affected by ramifications in the center while not posing an immediate threat to the overall federalism implementation process. The federal system, in principle, provides opportunities to decentralize development benefits and make service delivery more effective and accountable. However, the risks of political uncertainty, jurisdictional overlap between the three tiers of government, and lack of clarity and coherence between policies and devolved powers will remain during the interim and the coming few years. Nevertheless, while the political risks are substantial, they are not expected to impact the sustainability of results achieved under the HERP. Delayed vaccination deployment and a further escalation of the

COVID-19 outbreak domestically and globally would dampen the nascent momentum for economic recovery, especially in tourism. Notwithstanding the possible deterioration of the fiscal deficit, and a slowing of growth, the Government remains committed to prudent management and is working with its development partners to assess financing needs and policies to facilitate recovery. With support under the Project, universities in Nepal have been quick to implement online learning in response to the COVID-19 pandemic. The GON remains committed to the continued improvement of its higher education sector, as reflected in its National Education Policy 2019, its Fifteenth Plan 2019–2023, its budget for FY2020/21 and three-year medium expenditure framework, and its Nepal Digital Framework. In the new national Higher Education Plan 2021-2030 (awaiting approval), UGC has set a target of accrediting/completing QAA cycle of 297 HEIs (including HEIs accredited under the Project) in the next five years. Universities also remain committed, as reflected in strategic documents such as the Tribhuvan University 2030 Vision. The Government has prepared sustainability plans for the scholarships for students from lower-income backgrounds and to continue to incentivize research, and these are expected to count upon continued World Bank support under the Nurturing Excellence in Higher Education Project (NEHEP) for which SDR 41.8 million (US$60 million equivalent) IDA Credit has been approved.[28] Considering lessons learned under the HERP, the new Project is structured as a results-based operation, but under a Program-for-Results instrument, focused on continued key reforms in the GON's program, including (a) improved teaching, collaborative research and distance learning, (b) strengthening governance and financing of HEIs, (c) widening access to quality higher education, and (d) improving and extending digital connectivity. A technical assistance component would provide continued assistance for capacity building, effective implementation, and M&E.

V. LESSONS AND RECOMMENDATIONS

75.   **PBF from the Government to HEIs provides an effective system that promotes consistency of reforms.** Following their introduction in the earlier World Bank-financing SHEP, the Project achieved important results through the system of reform grants and FBF to HEIs against performance indicators clustered in areas of governance, quality, relevance, resource generation, and planning. Understanding and acceptance of results-based financing under the World Bank financing was facilitated by earlier introduction of PBF ot the HEIs, and this key financing reform is being improved by incorporating more transformational, reform-focused indicators going forward. With experience gained through the consistent use of the system of performance-based grants, the Project has helped internalize and cement the process of planning, securing finance, implementing, monitoring, and planning that supports consistency of reforms by individual HEIs over time.

76.   **Emergencies offer a unique opportunity to help clients not only address immediate needs resulting from an emergency but also build capacity to respond to future events while adopting processes that make sense.** In response to the COVID-19 pandemic, the Project was restructured to support the Government's efforts to expand remote, internet-based learning. Before the pandemic, the understanding of and demand for online learning were limited and many academic leaders did not perceive the value of on-line teaching, especially as an option for lagging regions and HEIs. Not only were the efforts supported by the Project successful but they also helped increase the understanding of and demand for online learning. Given the positive experience and increased demand, the proposed NEHEP will continue to prioritize assistance to UGC and HEIs under performance-based grants for digitization of learning materials and programs.

77.   **Some events are difficult to predict, and as such difficult to mitigate, but strong leadership coupled with solid timely implementation support can help keep implementation on track.** The Project's implementation was affected by major disasters during initial and final implementation, with what could have been serious adverse impacts on

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[28] The project (P171516) was approved by the Board on June 8, 2021.

implementation. Strong leadership by UGC and TUPIO and hands-on, just-in-time support by the World Bank task team helped advert what could have led progress off track. The timely and results-driven MTR, timely project restructurings, and pragmatic interpretation of how to achieve the Project's objectives helped achieve results with only a six-month closing date extension.

78.   **Projects that are designed to incentivize and put in place new systems should focus on establishing the new processes and not just on the result of the new processes.** The Project had two experiences that back this lesson. First, the Project aimed to put in place a system and institutional framework for QAA. The process established for accreditation involved preparation of an SSR by the HEI, review by QAAD, peer review, recommendation by the QAA Committee, and approval by UGC. The process and the institutional framework were firmly established. However, for several reasons, including the UGC's decision to make the QAA process mandatory, HEIs' interest in accreditation increased significantly. With increased capacity of QAAD, the potential and interested institutions are also receiving timely support—both guidance and technical review mobilizing inhouse experts/staff as well as national and international experts as peer reviewers. As a result, two groups of institutions have emerged: 'accredited' and 'QAA cycle completed'. The 'QAA cycle completed' institutions meet all requirements and criteria for being accredited and are only one step behind the accredited ones. These institutions would qualify to become accredited after they complete peer reviewers' additional recommendation—but this peer review process was a bottleneck. With the accreditation process and its institutional framework firmly established, the difference between 'QAA cycle completed' HEIs and 'accredited' ones is considered minimal; it made sense to adjust the definition to include also those with the QAA cycle completed. The second experience relates to the tracer studies, which lacked consistency and definition. However, what was most important in terms of results was not the findings of the studies but the fact that the process for carrying out tracer studies as an important monitoring tool has been internalized.

79.   The move towards a semester system provided several important lessons, including areas where additional efforts would be required to reap the full benefits of the switch. On the positive side, student enrollment in some programs increased with the semester system and even in those cases where enrollment decreased, retention and attendance rates increased. The semester system had a more rigorous mode of teaching and learning through discussion, presentation, term papers, assignments, open book tests, quizzes, field visits, and so on, and both teachers and students became more technology friendly as a result. Further, a revised evaluation system for the semester programs that rely heavily on student participation throughout the semester have made students become more engaged in the learning process. And, students attending full time can now transfer credits to other universities, including those abroad. However, further efforts are needed to make the classroom interactions more geared toward problem solving, critical reflection, creative solutions, and argumentative debates. Further, teachers' competence to design tests and implement continuous assessment require strengthening to make the switch to the semester system effective.

ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS

- **RESULTS INDICATORS**

A.1 PDO Indicators

Objective/Outcome: Improving quality, relevance, and efficiency of higher education

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of Accredited/ QAA cycle completed HEIs	Number	12.00 01-Aug-2014	125.00 22-Jan-2015	125.00 05-Jun-2020	76.00 31-Dec-2020

Comments (achievements against targets):
'Number of Accredited HEIs' was revised with 'Number of Accredited/ QAA cycle completed HEIs' during the first restructuring. The rational for the was to simplify the quality assurance and accreditation process and incentivize the Quality Assurance and Accreditation Division, the University Grants Commission and the Government by aligning support with the UGC decision of making the QAA process mandatory for all HEIs.

60.8% of the target achieved. As of April 2021, additional 4 HEIs were accredited/completed QAA cycle.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion

Average time taken for announcement of results of Bachelors programs with centralized examinations at TU	Months	7.00 01-Jul-2014	3.00 22-Jan-2015	5.43 05-Jun-2020	5.43 31-Dec-2020

Comments (achievements against targets):
EOP target revised downward during second restructuring. Revised target achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of publications in refereed journals by the research grant recipients.	Number	0.00 01-Jul-2014	85.00 22-Jan-2015	85.00 05-Jun-2020	140.00 31-Dec-2020

Comments (achievements against targets):
Target overachieved. 164.7% achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Percentage of students enrolled in identified priority areas	Text	Under Graduates: 12.6; Post-graduates: 16.7	Under Graduates: 17; Post-graduates: 23	Under Graduates: 17; Post-graduates: 23	Under Graduates: 33.85%; Post-graduates: 22.51%

		01-Aug-2014	22-Jan-2015	05-Jun-2020	31-Dec-2020

Comments (achievements against targets):
Target for undergraduates overachieved: 199.12% achieved. Target for graduates achieved: 97.9% achieved.

Objective/Outcome: To assist under-privileged students for equitable access

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of under-privileged students supported under the Project	Text	(i) Total Higher Sec (HS) : 0 Total Bachelor (B) : 0 (ii) % female(HS): 0 % female(B): 0 01-Oct-2014	(i) Total Higher Sec (HS) : 2,000 Total Bachelor (B): 7,500 ii) % female(HS): 45%; % female(B): 40% 22-Jan-2015	(i) Total Higher Sec (HS) : 2,000 Total Bachelor (B): 7,500 ii) % female(HS): 45%; % female(B): 40% 05-Jun-2020	Year four cumulative (i) Total Higher Sec (HS) : 2,087 Total Bachelor (B): 7,443(ii) % female(HS): 45.2%; % female(B): 62.6% 31-Dec-2020

Comments (achievements against targets):
Overall target achieved. Sub-target for gender overachieved.

i) Target for Total Higher Secondary over-achieved: 104.25% achieved. Sub-target for % female for Higher Secondary achieved: 100.4% achieved.

ii) Target for Total Bachelors students achieved: 99.24% achieved. Sub-target for % female for Bachelors over-achieved: 156.5% achieved.

A.2 Intermediate Results Indicators

Component: Component 1: Implementation of Reforms

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of institutions undertaking specified reforms	Number	15.00 01-Oct-2014	135.00 22-Jan-2015	135.00	135.00 31-Dec-2020

Comments (achievements against targets):
100% of the target achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of TU/ Other universities' institutions/ programs granted autonomy	Number	4.00 01-Aug-2014	14.00 22-Jan-2015	14.00 05-Jun-2020	14.00 31-Dec-2020

Comments (achievements against targets):
'Number of TU Institutions granted autonomy' was revised with 'Number of TU/ other universities Institutions/ programs granted autonomy' to encourage other universities and programs for autonomy.

100% of the target achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of academic programs revised	Number	0.00 01-Aug-2014	75.00 22-Jan-2015	75.00 05-Jun-2020	81.00 31-Dec-2020

Comments (achievements against targets):
Target overachieved. 108% achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Computerization of records of all students eligible for appearing in examinations from TU constituent and affiliated campuses	Percentage	0.00 01-Jul-2014	100.00 22-Jan-2015	100.00	100.00 31-Dec-2020

Comments (achievements against targets):
100% Target achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of new academic	Number	0.00	65.00	65.00	67.00

programs introduced in identified priority areas		01-Jul-2014	22-Jan-2015		31-Dec-2020

Comments (achievements against targets):
Target overachieved. 103.07% achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of Research, Development and Innovation (RDI) projects supported in identified priority areas	Text	PhD: 0; Faculty: 0	PhD: 130; Faculty: 220	PhD: 130; Faculty: 220	PhD: 148; Faculty: 255
		01-Aug-2014	22-Jan-2015		31-Dec-2020

Comments (achievements against targets):
Target overachieved.

Disaggregated target for PhD Research: 113.8% achieved.

Disaggregated target for Faculty Research: 115.9% achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion

Direct project beneficiaries	Number	0.00	500000.00	500,000.00	460,000.00
		01-Jul-2014	22-Jan-2015		31-Dec-2020
Female beneficiaries	Percentage	0.00	40.00	40.00	52.00

Comments (achievements against targets):

A. KEY OUTPUTS BY COMPONENT

Objective/Outcome 1: To support reforms in selected institutions for improving quality of higher education **Results Area 1:** Systemic and Institutional Reforms **Results Area 4:** Academic Excellence and Research	
Outcome Indicators	1. Number of accredited HEIs revised to 'Number of Accredited/QAA cycle completed HEIs' during the first restructuring 2. Number of publications in refereed journals by research grants recipients
Intermediate Results Indicators	1. Number of institutions undertaking specified reforms 2. Number of TU institutions granted autonomy (revised to Number of TU/Other universities' institutions/programs granted autonomy) 3. Number of Research, Development and Innovation (RDI) projects supported in identified priority areas
Key Outputs by Component (linked to the achievement of the Objective/Outcome 1)	1. Establishment of a QAAA within UGC with functional autonomy 2. Increasing the number of autonomous constituent campuses, and the granting of academic autonomy to selected affiliated campuses 3. Competitive funding for quality RDI by students and faculty members with a focus on priority areas 4. An alternative pathway for TU faculty career progression 5. Integrating teaching and learning with knowledge generation through global and national networking and university partnerships.
Objective/Outcome 2: To support reforms in selected institutions for improving relevance of higher education **Results Area 2:** Academic Reforms and Relevance	
Outcome Indicators	1. Percentage of students enrolled in identified priority areas
Intermediate Results Indicators	1. Number of academic programs revised 2. Number of new academic programs introduced in identified priority areas
Key Outputs by Component (linked to the achievement of the Objective/Outcome 2)	1. The introduction and expansion of programs in market-relevant and priority areas of development.

Objective/Outcome 3: To support reforms in selected institutions for improving efficiency of higher education **Results Area 1:** Systemic and Institutional Reforms (More effective public funding, Strengthening of the examination system)	
Outcome Indicators	1. Average time taken for announcement of results of bachelor's programs with centralized examinations at TU
Intermediate Results Indicators	1. Computerization of records of all students eligible for appearing in examinations from TU constituent and affiliated campuses
Key Outputs by Component (linked to the achievement of the Objective/Outcome 3)	1. Performance grants for the introduction of FBF for UGC grants to autonomous constituent campuses as well as for the inclusion of outputs into FBF for UGC regular grants to community campuses 2. TU's plans to decentralize and modernize the examination system, streamline processes, and enhance OCE's implementation capacity and TU's efforts to maintain the academic calendars of major programs.
Objective/Outcome 4: To assist under-privileged students for equitable access **Results Area 3:** Equity	
Outcome Indicators	1. Number of under-privileged students supported under the Project, of which female
Intermediate Results Indicators	1. None
Key Outputs by Component (linked to the achievement of the Objective/Outcome 4)	1. Scholarship support to meritorious students belonging to the two poorest quintiles selected through the nationwide PMT, with preferential treatment for female students and for bachelor's students opting for S&T and other areas of national priority.

ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION

A. TASK TEAM MEMBERS

Name	Role
Preparation	
Mohan Prasad Aryal	Task Team Leader(s)
Shambhu Prasad Uprety	Procurement Specialist(s)
Timila Shrestha	Financial Management Specialist
Julie-Anne M. Graitge	Team Member
Shashi K. Shrivastava	Team Member
Peter Nicolas Materu	Peer Reviewer
Sushila Rai	Team Member
Marcelo Becerra	Peer Reviewer
Sangeeta Goyal	Team Member
Rajendra Dhoj Joshi	Team Member
Dilip Parajuli	Team Member
Andreas Blom	Peer Reviewer
Drona Raj Ghimire	Social Specialist
Parthapriya Ghosh	Social Specialist
Jose Ramon R. Pascual IV	Counsel
Uddhav Kumar Bhandari	Team Member
Satish Kumar Shivakumar	Team Member
Jaya Karki	Team Member

Saurav Dev Bhatta	Team Member
Bandita Sijapati	Social Specialist
Shraddha Shah	Team Member
Jayakrishna Upadhyay	Team Member
Ram Krishna Rijal	Team Member
Annu Rajbhandari	Social Specialist

Supervision/ICR

Mohan Prasad Aryal, Maya Sherpa	Task Team Leader(s)
Shambhu Prasad Uprety, Chandra Kishor Mishra	Procurement Specialist(s)
Bishwa Raj Basaula	Financial Management Specialist
Shiro Nakata	Team Member
Annu Rajbhandari	Environmental Specialist
Ramesh Raj Bista	Procurement Team
Hanna Jang	Team Member
Rupa Shrestha	Procurement Team
Srivathsan Sridharan	Team Member
Satish Kumar Shivakumar	Team Member
Karthika Radhakrishnan	Team Member
Ishwor Neupane	Social Specialist
Mokhlesur Rahman	Team Member
Alejandro Welch	Team Member
Jaya Sharma	Team Member
Sunita Gurung	Team Member
Junko Funahashi	Team Member
Neena Shrestha	Procurement Team

- **STAFF TIME AND COST**

Stage of Project Cycle	Staff Time and Cost	
	No. of staff weeks	US$ (including travel and consultant costs)
Preparation		
FY14	21.684	99,900.10
FY15	40.993	87,200.64
Total	**62.68**	**187,100.74**
Supervision/ICR		
FY15	0	4,184.61
FY16	17.385	42,344.63
FY17	5.350	48,971.44
FY18	30.671	140,030.76
FY19	18.875	65,743.89
FY20	30.965	86,906.13
Total	**103.25**	**388,181.46**

ANNEX 3. PROJECT COST BY COMPONENT

Table A3.1: Project cost by component

Components	Amount at Approval (US$, millions equivalent)	Actual at Project Closing (US$, millions equivalent)	Percentage of Approval
Component 1: Implementation of Reforms	60.0	57.556	95.93%
Component 2: Capacity Building and Project Management	5.0	2.738	54.75%
Total	**65.00**	**60.303**	**92.78%**

Table A3.1: Program Costs and Financing, Estimated and Actual (US$, millions)

Cost	Total as Appraised (2015–2020)	Total upon Completion (2015–2020)	Actual as a % of Appraised
Total Cost	**795.21**	**640.27**	**77.90**
Government financing	598.34	559.13	93.45
IDA financing	65.00	60.303	92.77
Financing gap	131.87	—	

Source: Project Appraisal Document; Data from FY2019/20 Audited Financial Management Report and MOF Red Book of various years.

ANNEX 4. EFFICIENCY ANALYSIS

Introduction

1.   Nepal's HERP, approved in 2015, is a five-year (2015–2020) government led, US$65 million subsector program, managed and implemented by the MOEST of the GON. It aimed to increase the number of accredited HEIs, percentage of students enrolled in identified priority areas, number of underprivileged students supported, and number of students enrolled in the semester system.

2.   This economic analysis presents detailed costs and benefits accrued from the Project so that a comprehensive cost-benefit analysis (consideration of all major costs and benefits) and IRR (the interest rate at which NPVs of both costs and benefits are equal to zero) can be estimated. This economic analysis assesses ex post costs and benefits associated with the program.

3.   The approach and assumptions made during the ex ante economic analyses are followed here. For example, the economic analysis does not assess realized benefits and costs related to the Project using a 'counterfactual' identification approach where the additional cost is compared with the additional benefits accrued from the HERP, which is done in many IDA-funded projects. This is because the earlier ex ante economic analysis did not use that approach. Instead, it estimates the present values of the benefits accrued from various components within the Project and the total costs.

Assumptions

Benefits

4.   The following assumptions are made on benefits:

•   **Benefits coverage.** During project preparation, it was assumed that 2,000 underprivileged higher secondary students and 7,500 underprivileged higher education students would receive support under the Project. In addition, 7,500 additional students enrolled in priority areas, and 7,250 in semester systems. These numbers have now been updated with actual figures received from UGC.

•   **Wage premium and contribution of the HERP on employment.** Wage premiums refer to the additional benefits for all HERP graduates by being participants in the Project. Since the quality of education is assumed to have been enhanced by the exposure to the HERP, it is expected that the labor market has considered the skill improvement of HERP graduates and the wage rate increased as a result. During preparation, the wage differential due to the HERP was assumed to be 1.0 percent higher than in the absence of the HERP. The sensitivity analysis below will delve further into this assumption made with regard to contribution made by the HERP on employment. Unfortunately, because of COVID-19, the Nepal Living Standard Survey (2019/2020) had to be suspended in the middle of its administration. As a result, the actual recent wage figures could not be used in the analysis owing to unavailability of reliable data.

Costs

5.   The actual IDA funding was US$60.303 million.

6.   The discount rates of 8 percent (used during the ex ante economic analysis) and 12 percent are used in this analysis to find the present value of future costs and benefits. This is consistent with the

findings of World Bank (2016), which suggest that many researchers recommend discount rates between 8 percent and 12 percent for developing countries. Since the higher the discount rate, the lower the present value of the future earnings, a higher discount rate is also used so that benefits assumption is on the conservative side.

Economic Rate of Return

7.   Using the above assumptions, the cost-benefit analysis shows that the NPV is positive (US$204 million when using an 8 percent discount rate, and US$86 million when using a 12 percent discount rate) and that the program's IRR is 31.0 percent, which is higher than the discount rates used here. Though this IRR is high, one could interpret this as a lower bound estimate, as positive externalities associated with enhanced education quality and equity arising from a healthier, better educated and equitable/inclusive society have not been included in the analysis. During the ex ante analysis, the expected NPV was US$102 million when using an 8 percent discount rate and the IRR was 26.3 percent. The driving force behind this increase in IRR was the massive increase in the number of students who were enrolled in the priority areas. For example, the percentage of students enrolled in priority areas at the undergraduate level before the implementation of the program was at 12.7 percent and this percentage increased to 33.8 percent by 2020.

Robustness/Sensitivity Analysis

8.   Given the way ex ante economic analysis was conducted, the wage premium played a big role in the calculation of IRR.[29] The base case for the wage premium of graduates is assumed to be 1 percent. Table 1 explores what happens to IRR and NPV when the wage premium is both increased and decreased.

Table 4.1. Sensitivity Analysis for the Cost-Benefit Analysis for the HERP under Multiple Scenario

Wage Premium	IRR (percent)	NPV at 8 Percent Discount Rate (US$, millions)	NPV at 12 Percent Discount Rate (US$, millions)
Low (contribution to be 0.5 percent of wage)	20.8	80	29
Base (contribution to be 1 percent of wage)	31.0	204	86
High (contribution to be 1.5 percent of wage)	38.7	342	149

9.   The IRR ranges from a low of 20.8 percent to a high of 38.7 percent when the parameters are changed. For example, when the wage premium decreases to 0.5 percent, the IRR decreases to 20.8 percent. If the wage premium is increased to 1.5 percent, the IRR would increase to 38.7 percent. In all cases, the IRR is much higher than the discount rates used in the literature.

Conclusion

10.   The economic analysis suggests that HERP was, ex post, a sound investment decision. The cost-benefit analysis shows that the present value of net benefits is positive and that the program's IRR is 31.0 percent, which is higher than the discount rate assumed. The major driving force for this high IRR is the huge increase in the enrollment of students in the priority areas.

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[29] The number of beneficiaries for different components also play major roles in IRR, but these figures are calculated using actual figures.

ANNEX 5. BORROWER, CO-FINANCIER AND OTHER PARTNER/STAKEHOLDER COMMENTS

ANNEX 6. SUMMARY OF CHANGES TO DLIs IN FIRST AND SECOND PROJECT RESTRUCTURINGS, AND AMOUNTS DISBURSED

DLI	Expected DLI Achievement Year 5	Change in First Restructuring	Change in Second Restructuring	Results Achieved at Completion	Achieved at Completion and Amounts Disbursed (SDR, millions)
DLI 1: National accreditation system established and functioning	• 35 HEIs accredited (cumulative 125)	• Definition revised to simplify the QAA process and incentivize institutions to expedite implementation: 'accredited' and 'QAA cycle completed'. HEIs would be considered to be accounted for this DLI while total share of accredited HEIs should be more than 48 percent	• DLI target of 95 additional HEIs (cumulative 125 HEIs) accredited/completed QAA cycle revised to cumulative 113 HEIs for disbursement purpose and the minimum threshold has been reduced to 30 HEIs to trigger disbursement. The proportionate amount of SDR 392,210.52 reallocated to the newly proposed DLI 8 to respond to COVID-19 crisis • The total cumulative target of 125 for PDO indicator has not been reduced given that this reform has been mainstreamed in the NPHERD and the accreditation process is expected to continue beyond the project period.	76 cumulative HEIs accredited/ Completed QAA cycle	4.608
4.6DLI 2: Performance-based financing extended to HEIs • First sub-DLI: PBF to select HEIs selected as per Project Implementation Manual • Second sub-DLI: Formula-based	• First sub-DLI: Release of final performance-based grants to at least 45 HEIs from the three selected groups as per PIM • Second sub-DLI: RBF based funds released to at least additional three autonomous campuses (cumulative 10); and PBF-based	• First sub-DLI: No change • Second sub-DLI: Revised to incentivize the accredited autonomous community campuses through "enhanced regular grants to all accredited and autonomous community campuses exercising academic autonomy".	No change	Target fully achieved for both sub-DLIs	11.645

DLI	Expected DLI Achievement Year 5	Change in First Restructuring	Change in Second Restructuring	Results Achieved at Completion	Achieved at Completion and Amounts Disbursed (SDR, millions)
funding to autonomous campuses and performance-based regular funding to community campuses	regular funds released to at least additional 20 community campuses (cumulative 100)				
DLI 3: Autonomy extended to additional campuses/schools • First sub-DLI: Governance and administrative autonomy • Second sub-DLI: Academic autonomy of programs	• First sub-DLI: Autonomy granted to three campuses/schools (cumulative 14, Year 4) • Second sub-DLI: Two autonomous/accredited campuses or schools exercise academic autonomy (cumulative eight, Year 4)	Revised with more focus to incentivize academic autonomy of campuses/schools and programs: • First sub-DLI: End of Project (EOP) target revised from 14 to 9 campuses, and SDR 776,250.00 reallocated from first sub-DLI to second sub-DLI • Second sub-DLI: EOP target revised from 8 to 14 campuses/schools/programs	No change	Revised target fully achieved for both sub-DLIs	5.175
DLI 4: Examination reforms implemented and academic calendar enforced in TU • First sub-DLI: Academic calendar of centralized Master's program enforced in TU • Second sub-DLI: Examination	• First sub-DLI: Academic calendar of three program years of centralized master's programs adhered to (cumulative 15) • Second sub-DLI: Results for regular centralized bachelor's programs published within three months on an average	• First sub-DLI: No changes except for documenting the early achievement of EOP target • Second sub-DLI: No changes except for moving the target to year 5 as per the existing rollover provision	• Second sub-DLI: Revised target will not be achieved, and the sub-DLI value of SDR 776,470.59 reallocated to the newly proposed DLI 8 to respond to COVID-19 crisis	Target fully achieved for 1st sub-DLI. 2nd sub-DLI, results publication time reduced to 5.43 months (against the target of 3 months)	3.623

DLI	Expected DLI Achievement Year 5	Change in First Restructuring	Change in Second Restructuring	Results Achieved at Completion	Achieved at Completion and Amounts Disbursed (SDR, millions)
reform implemented					
DLI 5: Academic reforms introduced: Revision of existing and introduction of new programs at undergraduate and graduate levels	• Implementation of all 140 programs continued	• Addition of programs in the areas of Science and Technology, Mathematics, Computer Application (STEM) in additional colleges/HEIs will also be accounted as new programs	No change	Target fully achieved	6.210
DLI 6: Poverty-targeted financial support for under-privileged students	• Funds released to at least 2,000 students as per schedule; and plan for sustainability of the scheme approved	No change	• No change.	Target fully achieved	3.105
DLI 7: Institutions supported for academic excellence in priority areas through RDI awards • First sub-DLI: Research, Development and Innovation (RDI) awards • Second sub-DLI: Excellence-based recruitment and promotion of faculty	• First sub-DLI: Final release of funds to at least 250 active projects as per schedule; and plan for sustainability approved • Second sub-DLI: Fifth batch of faculty (at least additional ten) recruited and/or promoted based on excellence (50 cumulative)	• First sub-DLI: Project target of RDI awards revised from 100 to 200 and SDR 258,611.11 reallocated from the second sub-DLI to the first sub-DLI to incentivize the reforms of the first sub-DLI • Second sub-DLI: Project target revised from 50 to 40 and proportionate DLI amount reallocated to the first sub-DLI	• First sub-DLI: Target achieved • Second sub-DLI: Target of second batch of faculty (at least 30 additional) recruited and/or promoted based on excellence has been revised to 22. The proportionate amount of SDR 206,888.89 reallocated to the newly proposed DLI 8 to respond to COVID-19 crisis	First sub-DI-results fully achieved. Second sub-DLI – 90.6% of the revised cumulative target achieved	4.370
DLI 8: HEIs			• First sub-DLI: At	First sub-	2.545

DLI	Expected DLI Achievement Year 5	Change in First Restructuring	Change in Second Restructuring	Results Achieved at Completion	Achieved at Completion and Amounts Disbursed (SDR, millions)
supported to respond to COVID-19			least 300 HEIs (schools/colleges/central departments under different universities) conduct online teaching • Second sub-DLI: At least 11,400 underprivileged students receive support for online learning • Third sub-DLI: At least one collaborative research on coronavirus selected and funds released as per PIM • Fourth sub-DLI: UGC networking for online system support upgraded/strengthened	DLI – target fully achieved. Second sub-DLI – 26.3% of the target achieved Third sub-DLI – target fully achieved Fourth sub-DLI – Target fully achieved	

ANNEX 7. SUPPORTING DOCUMENTS

Centre for Policy Studies and Rural Development, Final Report, Evaluation of Higher Education Reforms Project (HERP, 2014–2020), Submitted to UGC, dated November 27, 2020.

Tribhuvan University, Evaluation on Curriculum Revision and implementation of the Semester System in Tribhuvan University, November 2020.

UGC, A Draft of Compiled Tracer Study Report of Community Campuses (2014–2018) A.D., dated January 2021.

World Bank, Higher Education Reforms Project, Report No. PAD1019, dated January 22, 2015.

World Bank, Higher Education Reforms Project, Project Papers, Implementation Status and Results Reports, Mission Aide Memoires.

World Bank, Nepal Second Higher Education Project, P090967, Report No. 34916-NEP, dated January 17, 2007.

World Bank, Nurturing Excellence in Higher Education Project P171516, Report No. PAD4158 dated May 21, 2021.

World Bank, Country Partnership Strategy for Nepal for the period FY2014–FY2018, Report No. 83148-NP.

World Bank, Country Partnership Framework for Nepal for the period FY2019–FY2023, Report No. 121029-NEP dated July 10, 2018.

ANNEX 8: THEORY OF CHANGE

Key Challenges	Project	Activities	Intermediate Outcomes	PDO Outcomes	Long-Term Outcomes
• Shortage of higher education graduates in current and emerging areas • Outdated curricula, learning materials, delivery, and assessment • Underdeveloped quality assurance systems • Lack of emphasis on research, innovation, and pursuit of excellence as part of teaching-learning or faculty development • High examination failure rates, lack of announced academic calendars, highly centralized academic management, and delayed admissions, classes, examinations, and publication of results • Large income and geographic disparities in access, including limited access of students from rural and remote areas, females in S&T programs, and poor targeting and inadequate scholarship amounts • Allocations to universities subject to negotiation and not linked to performance, leading to inefficiencies in the sector	• **Results Area 1:** Systematic and Institutional Reform • **Results Area 2:** Academic Reforms and Relevance • **Results Area 3:** Equity • **Results Area 4:** Academic Excellence and Research • Capacity Building and Project Management	• National accreditation system established and functioning • Performance-based funding extended to HEIs • Autonomy extended to additional campuses/schools • Examination reforms implemented and academic calendar enforced in TU • Academic reforms introduced: Revision of existing and introduction of new programs at undergraduate and graduate levels • Poverty-targeted financial support for underprivileged students • Institutions supported for academic excellence in priority areas through RDI awards • Consultants for procurement, FM, EMIS, and IT • Employer, student, and faculty satisfaction surveys • Studies associated with	**Quality and relevance** • Number of institutions undertaking specified reforms • Number of TU institutions granted autonomy • Number of academic programs revised • Number of new academic programs in identified priority areas **Equity** • Percentage of females among direct project beneficiaries **Internal efficiency** • Computerization of records of all students eligible for appearing in examinations from TU constituent and affiliated campuses **Academic excellence and research** • Number of RDI projects supported in identified priority areas	**Quality and relevance** • Number of accredited HEIs • Percentage of students enrolled in priority areas **Equity** • Number of underprivileged students supported by the Project **Internal efficiency** • Average time taken for announcement of results of bachelor's programs with centralized examinations at TU **Academic excellence and research** • Number of publications in refereed journals by research grants recipients	… Expanded number of market-relevant and employment-oriented programs based on national needs and priorities Increase in GER for higher education Increased adherence to academic calendars Increased pass rates Established and operational QAA system Criteria for financial assistance and grants to HEIs adopted

Key Challenges	Project	Activities	Intermediate Outcomes	PDO Outcomes	Long-Term Outcomes
		implementation of the HEP • Impact assessments • Strategic planning and institutional capacity building • Conferences and workshops			

ANNEX 9. SELECTED RESPONSES BY STUDENTS AND FACULTY OF HEIS THAT ENGAGED IN QAA PROCESS

Issue	Letter of Intent Submitted	SSR/Peer Review	Cycle Completed	Accredited Campus
Students' responses:				
Course completion per academic calendar	82.7	87.6	91.7	91.2
Internal exam as per academic calendar	78.4	76.7	85.4	88.2
Adequacy of textbooks in library	48.6	44.7	54.6	50.7
Adequacy of reference books in library	38.7	34.4	51.5	45.8
Adequacy of periodicals and journals in library	24.5	25.7	40.3	33.4
Frequent internal examinations	68.7	64.0	81.6	70.2
Involvement of students in research activities	67.6	74.3	71.6	75.2
Organizing workshops	51.5	53.8	70.9	61.4
Organizing seminars	70.6	72.7	84.0	78.5
Continuing teaching during COVID-19 pandemic	66.4	75.9	79.9	82.1
Teachers' responses:				
Fairness in recruitment process of teachers	96.1	95.6	97.5	97.8
Opportunities for promotion	82.5	85.5	85.4	89.5
Frequent mentoring of teachers	25.2	29.6	39.8	39.5
Monitoring performance of teachers	26.7	34.0	35.0	35.0
Student counselling for job placement	23.8	26.4	42.3	30.5
Adherence to academic calendar	89.9	94.3	91.9	94.0
Adequacy of books in library	42.2	44.7	54.5	59.4
Quality of ICT	42.2	44.7	54.5	59.4
Revision in the curriculum	64.6	66.7	62.6	66.5
Involvement of stakeholders in curriculum design	18.9	17.6	10.6	18.4
Introducing new programs in last five years	59.2	67.9	87.0	82.7
Consultation with experts while introducing new programs	35.9	41.5	47.2	47.4
Special classes provided for weaker students	19.9	21.4	30.1	39.8
Interactions with students in the classrooms	70.4	70.4	73.2	78.9
Income and expenditure known to faculty members	60.2	69.2	70.7	69.2
System for addressing teachers' grievances	59.2	61.0	65.0	68.8

ANNEX 10. SUPPORT FOR ONLINE TEACHING IN RESPONSE TO COVID-19

1.   Progress toward implementing the COVID-19 response activities included in the project restructuring in June 2020 has been impressive.

Background

2.   **Following the disruption to higher education due to the COVID-19 pandemic, many universities and colleges in Nepal quickly initiated online learning starting April 2020.** However, these online learning initiatives by HEIs were largely concentrated within the relatively well-off regions and HEIs. These were also founded on the limited experiences of online learning modes practiced in KU, TUODEC, and NOU. Pre-COVID the understanding of and demand for online learning were limited and many of the academic leaders did not perceive online teaching as an option for lagging regions/HEIs, where the internet outreach and the affordability for laptop/mobile devices were limited. These limitations were observed during the consultation of HERP restructuring (April–May 2020) to respond to COVID-19.

3.   T**he UGC initiation and the MOEST/MOF support in HERP restructuring to respond to COVID-19 helped make a paradigm shift.** Through a rigorous consultation led by UGC, the HERP restructuring completed on June 2, 2020.[30] UGC released funding support to all 12 universities along with an implementation framework, which was instrumental for all the universities to develop their regulatory framework and implementation arrangement on online learning. In the meantime, the World Bank also provided technical assistance for capacity building bringing the experiences and lessons learned on online teaching under TUODEC and NOU.

4.   National IT experts, who were closely associated with the work of TUODEC and NOU online learning-teaching, provided around 24-hour trainings in 10–12 sessions for each of the universities' key faculty members and academic leaders. Albeit a short training, this technical assistance was instrumental in bringing visible changes in faculty members' capacity and ability to provide online teaching. The technical assistance support to TU was more extensive considering its size of 75 percent of total higher education enrollment covering across the country.

5.   The experts of the Nepal Research and Educational Network (NREN) were also involved in providing technical assistance including online zoom facilities and related trainings. Following these initiations, many HEIs also signed MOUs with NREN for partnership.

6.   The HERP support under the DLI helped universities/HEIs in (a) strengthening ICT infrastructure and developing LMS and (b) supporting digital capacity-building training including the development of audiovisual materials, online library outreach, and live classes.

UGC Accomplishments

7.   In addition to the DLI-related supports on online teaching, UGC has launched an updated online system of review and monitoring of research, QAA. Work to strengthen the EMIS through improved online data feeding from HEIs is in progress. UGC has also launched an integrated learning portal to run a self-

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[30] A new 'DLI: HEIs supported to respond to COVID-19' was added with reallocation of US$4.0 million which otherwise would not have been utilized, and a six months extension was agreed upon.

test learning courses in association with academic institutes. Policy dialogues with ministries, GON, ICT regulatory bodies, and service providers as well as private sectors toward designing standards and operational policies for higher education digitization, connectivity, and implementation procedures are other UGC initiatives in progress.

Universities Major Accomplishments

8.   There has been a paradigm shift in the approach of HEIs' leadership and academia—universities have passed the regulatory framework for online/blended learning including assessments/examinations. First rounds of online examinations were conducted by many universities including in lagging regions. Learning from international practices, some of the universities also revised the examination modality using improved questions items with extra weightage on analytical skills and higher order thinking skill. As reported, these practices were well accepted by the academia, students, and guardians as these efforts were also toward adhering to the academic calendar and timely graduation.

9.   TU has approved the guidelines for online teaching-learning and stepped up its implementation constituting a high-level online/blended learning support and coordination committee. The committee is supported by three technical teams to facilitate (a) strengthening and extending the online/blended mode of examination to all levels/ programs, (b) improving digital pedagogy, and (c) managing online library for efficient use of available resources on cost-sharing basis and sustainable manner. Some of the key tasks TU have accomplished are as follows:

Structural Reforms

- Restructured TU IT and Innovation Center as a central unit to ensure required IT infrastructure to support online teaching in HEIs.

- Restructured TUODEC to support digital pedagogy and online learning for blended and online mode of education to all teaching units.

- Initiated establishment of an IT support unit at each teaching unit of TU.

- Upgraded domain system at TU and sub-domains at all teaching and non-teaching units of TU with domain and sub-domain based centralized email system with MS Office 365.

- Signed MOU with Nepal Telecom/Ncell for mobile data package in a subsidized rate and with NITC/GIDC[31] for hosting the Moodle system.

- TU has availed e-resources database from ProQuest[32] and off-campus/on-campus remote access services from RemoteXs[33] services for one year and this service will be continued on TU Central Library.

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[31] National Information and Technology Center/Government Integrated Data System.
[32] e-library resource accessible for individual within HEI premises.
[33] Remote library access tool that individuals can access from anywhere.

Training Completed

- **Training on Microsoft Teams:** (a) 100 training of trainers (TOT) for faculty members completed including from the affiliated colleges; (b) 6,000 faculty members trained mobilizing the TOT groups; (c) 200 admin staff trained.

- About 66 faculty members' TOT training for Pedagogical Skill in LMS (MOODLE) completed.

- Upgrade LMS system in TUODEC and pilot Moodle system hosting at the GIDC, Singha Durbar.

- Orientation/training programs with campuses completed to implement the recent TU decision "sharing the TU Central Library online digital resources to campuses in all seven provinces."

10.   Other universities have also taken similar initiatives, which, among others, include passing of rules for online teaching and examinations; establishment of ICT support units; development of their own LMS, email system, online examination, online entrance; and strengthening of EMIS.

11.   While implementing the online/blended mode of learning, UGC/universities have also encountered many challenges which include the following:

- Limited broadband connectivity beyond Kathmandu valley and its periphery, and reliability of connectivity.

- Limited affordability of broadband internet connectivity.

- Insufficient collaboration among universities and HEIs, between universities and business community/industry, and with the Government agencies, while there are many areas of common interests among these HEIs and agencies including the ministries.

- Insufficient public resources, but also insufficient initiatives at the policy level, especially (a) to facilitate the key public players in the federal set-up to join hands and (b) with private sectors for creating a level playing field for partnership for maximizing financing for development.

- Inadequate human resource capacity to integrate new technology in educational system that includes pedagogy and assessment.

Way Forward

12.   Learning from the lessons of the limited experience of online/blended learning to respond to COVID-19 pandemic, the MOEST/UGC, universities, and academia have also agreed to expedite further initiatives to address the challenges as a way forward.

- **Continued policy dialogue** toward extending the NREN's available broadband connectivity collaboration for Nepal is in progress. These resources so far are being utilized by limited academic institutions, hospitals, and municipalities and in some telemedicine programs within and around Kathmandu valley. Also, continuous policy dialogues are ongoing with Nepal Telcom Authority (NTA) and other telecom and internet service providers to establish broadband connectivity specially with HEIs across Nepal.

- **Universities collaboration.** The UGC's learning portal in collaboration with universities' learning portal will be made foundational to launch the academic programs in areas of national needs. This joint platform will also be instrumental for universities' collaboration including launching of collaborative academic courses under UGC leadership to address the issues of national needs and priorities such as climate adaptation and also online resource sharing.

- **Strengthening UGC online administration.** The modest start of online evaluation of research, QAA including the peer review, and M&E will be aligned with the EMIS simultaneously increasing the participation of HEIs in online data feeding.

- **Other initiatives.** (a) Develop universities' IT policy, strategies, security/privacy, and technology standards; (b) develop shareable educational technological infrastructure like data center, intranet, cloud services; (c) manage open educational resources and open data from universities; (d) enhance digital capacity such as digital literacy, pedagogical skill, and 21st century skill for teaching and non-teaching faculty members and academic leaders; (e) strengthen digital library and collaboration; (f) strengthen educational governance in higher education especially, integrated EMIS, HR, account, finance, budget, student management, and so on; and (g) extend online examination in all levels and integrate exam process and result processing.

ANNEX 11: BORROWER'S ICR

INTRODUCTION

1.   **Background. UGC prepared NPHERD to address the issues and needs of higher education reform and development in Nepal.** The program was developed for performing endeavors related to the reform of higher education in Nepal through a series of interventions on the aspects such as bringing systemic, institutional and academic reforms; developing national hubs of academic excellence; strengthening of governance and management capacities of HEIs and enhancing effectiveness and efficiency of government funding in equitable higher education.

2.   **The HERP was initiated with the aim of facilitating implementation of the reform components of the NPHERD with a soft loan aid of the World Bank**. The project was a response to address the remaining challenges in the higher education sector with a deepening focus on results. The project development objective was *"to support reforms in selected institutions for improving quality, relevance, and efficiency of higher education; and to assist under-privileged students for equitable access".* The four project objectives were measured by five KPIs, namely, (i) Number of accredited HEIs (quality); (ii) Percentage of students enrolled in identified priority areas (relevance); (iii) Number of under-privileged students supported under the Project (equitable access); (iv) Average time taken for announcement of results of bachelors' programs with centralized examinations at Tribhuvan University (TU) (efficiency); and (v) Number of publications in refereed journals by research grants recipient (quality).

3.   The project was implemented from May 22, 2015 to December 31, 2020 with total allocation of SDR 44.9 million under Component 1 and Component 2, and was restructured twice. While the first restructuring simplified the QAA process and aligned institutional autonomy towards academic autonomy, the second restructuring supported to respond to the COVID-19 pandemic by reallocating the unused SDR 2.85 million and six months extension of the project to December 31, 2020.

4.   **Component 1 - Implementation of Reforms** focused on four major results areas of reform: (i) *Results Area 1* focused on systemic/institutional reforms in making public funding more effective, strengthening and institutionalization of the QAA system, extending autonomy, and improving efficiency of the existing examination system at TU; (ii) *Results Area 2* was designed to extend academic reforms and relevance majorly through introduction of market-driven new academic programs in the areas of national priorities. Additionally, revision of existing curricula as per the contemporary market needs was also part of the initiatives. The results area also focused on increasing the share of enrollment of students in programs of the priority areas including in S&T discipline; (iii) *Results Area 3* was provisioned to increase access of the poor and needy students to higher education; *Results Area 4* was designed to promote and encourage the culture of research and innovation for quality enhancement of higher education in Nepal. Eight DLIs including the two restructuring were clustered around these four results areas. A summary of the results areas with DLI progress is presented in Table A11.1 and the PDO progress in Table A11.2.

5.   **Component 2 - Technical Assistance and Project Implementation** was designed to finance the required inputs for achieving the DLIs along with capacity building for effective project implementation and management. With this funding, the implementing agencies (UGC, TUPIO, SFAFDB) were responsible for implementation on their parts of the project to ensure compliance with applicable agreements, guidelines, and fiduciary and safeguard requirements by all beneficiary institutions and grant recipients.

HERP – PROGRESS REVIEW

6. During the implementation period of the project, the progress status was expressed through 11 DLI achievement reports, the summary of which is presented below:

7. **DLI 1 - National Accreditation System Established and Functioning**: The primary objectives of the DLI were to strengthen the QAA system, establishing of an autonomous QAA agency within UGC and expanding the number of HEIs participating in QAA. One of the baseline targets set for the DLI was to establish an independent QAAA within UGC. For this, functional autonomy to the Higher Education QAA Council in accordance with the Educational Quality Assurance and Accreditation Regulation (EQAAR) - 2074 BS approved by the GON. Likewise, UGC also endorsed the Higher Education Quality Assurance and Accreditation Directives - 2017 under EQAAR 2074 BS to implement the QAA system. According to the achievements, 60 HEIs were accredited and 22 HEIs completed the QAA cycle by the end of April 2021. At present, the additional number of HEIs that submitted Letter of Intent (LOI) is 260, Self Study Report (SSR) approved is 5, Peer Review Team (PRT) formed is 22 and the PRT Pre-visit completed is 22.

8. UGC has established link with the Asia Pacific Quality Network and the International Network for Quality Assurance Agencies in Higher Education. A functional MoU has been signed with the National Assessment and Accreditation Council, India. These collaborations have provided ample opportunities of international recognition to the Nepali QAA System and facilitate collaborations.

9. The Higher Education QAA Council has established Internal Quality Assurance system both at the universities and the HEIs level. UGC has also approved Strategic Plan - Quality Assurance and Accreditation of Higher Education Institutions, 2021 - 2030. One of the major objectives of the plan is the establishment of an autonomous QAA Agency, which is also envisaged by the National Education Policy 2019. Further, the QAA criteria and indicators currently in practice are under revision.

10. **DLI 2 - Performance based financing (PBF) extended to higher education institutions.** The project had provisioned PBF and FBF to HEIs under the DLI 2. The objective of PBF was to make public funding more effective and result oriented. Accordingly, the constituent campuses/ central departments of TU and affiliated community campuses were competitively selected for participation in PBF. UGC was responsible for implementing PBF for universities and the community campuses, whereas TUPIO implemented PBF for TU's constituent campuses and central departments. A total of 124 community campuses were selected for PBF in the first, second and third year of the project period. Likewise, 40 of the TU's constituent campuses and central departments were also selected for PBF. There were 6 major indicators for performance measurement of HEIs. The grants were released every year for the additional progress by the HEIs against these indicators indicated below:

   i. **Tracer study.** While 22 participating HEIs conducted the study in year one, the number increased to 98 by the final year. A total of 20,103 graduates were traced by the community campuses during the project. UGC has recently compiled the tracer studies conducted by the participating community campuses. Many of the campuses conduct the study every year.
   ii. **Resource mobilization.** One of the major objectives of this provision was to encourage HEIs increase their capacity in generating financial resources and reduce dependency on the government fund for sustainability. The project supported the participating HEIs for generating such resources with the provision of adding two third of the total expenditures by the implementing agencies against the

one third of finance generated by the HEIs. With this, the HEIs concentrated on generating financial resources. Additionally, UGC and TUPIO also helped the HEIs to conduct procurement activities in compliance with the prevailing regulations through series of relevant orientations/ trainings with which, the capacity relating to the systematic procurement has increased.

iii. **Pass rate of regular students**. Performance grant against this indicator was provisioned to encourage the participating HEIs for increased student performance in terms of pass rate in the final examinations. In the first year of the project, out of 60 community campuses in the first cohort, 36 campuses were able to increase the pass rate and receive the grants. In the second year of the project, out of the 111 campuses from the first and second selection cohorts, 85 campuses received the grants for the additional increase of the pass rate. Similarly, the grants were disbursed in the subsequent years of the project against the indicator.

iv. **Enrolment in priority areas**. The majority of the participating community campuses run academic programs from non-prioritized areas. Nevertheless, many of the participating HEIs that run the programs in the priority areas received the grants for additional enrollment in such programs. By the end of the project, there were 2,837 students studying in the 20 community campuses that were running programs in the priority areas.

v. **Percentage of educationally disadvantaged students**. The census of 2011 had listed 126 castes/ ethnic groups in Nepal along with their literacy rate. The national average of the rate was 65.94%. UGC defined such caste/ ethnic groups in educationally disadvantaged category which had lower literacy rate than that of the national average. In this indicator, many of the participating HEIs put effort to increase the percentage of the educationally disadvantaged students but not as anticipated.

vi. **Other performance indicators**. The grants support was also provisioned for the following activities: (a) publication of annual report, (b) website development and update, (c) publication of journal, and (d) maintaining of graduate/student profiles in electronic format. It was observed that these performance indicators also encouraged the participating HEIs to deliver the above noted results.

11.   **Formula-based funding**. FBF was designed to link regular government funding to universities with inputs/outputs and also, to the constituent campuses under the scheme of institutional autonomy. Three universities namely PU, KU, and PokU and the autonomous constituent campuses of TU singed MoU with UGC and are receiving FBF annually.

12.   **Performance-based regular funding**. As per the project's provision, UGC prepared guidelines for performance based regular funding to the community campuses. UGC has disbursed its regular grants on the basis of the guidelines to more than 400 campuses.

13.   **DLI 3 - Autonomy extended to additional campuses/schools**. The project envisaged that the expansion of institutional autonomy especially at TU's constituent campuses was critical for addressing its management problems and thus, to enhance the overall capacity and accountability of HEIs. Therefore, grants support provisions for expansion of the autonomy were ensured in the project. A total of 9 HEIs opted for institutional autonomy by the final year of the project, which was the project's final target. Among the HEIs, 8 constituent campuses of TU and the School of Management of MWU are now functional under the provision of the institutional autonomy.

14.   The academic autonomy was one of the major reform interventions that was initiated by this project. The project had provisions to support academic autonomy in constituent and accredited affiliated campuses of universities. During the project period, 14 academic programs (12 programs at different constituent and affiliated community campuses of TU and 2 at the MWU) were implemented. The TU and MWU have adopted regulations for both the institutional and academic autonomy.

15.   **DLI 4 - Examination reforms implemented and academic calendar enforced in TU**. Out of the two sub-DLIs, the first DLI was overachieved: 17 academic program-year of the master program adhered to the academic calendar against the project target of 15 program year. The second sub-DLI result is partially met: TU OCE reduced the time of results publication of Bachelor Programs in Humanities and Social Science, Education, and Management from around 8 months to 5.43 months while the original target of the project was to reduce to 3.0 months and revised target after the restructuring was 5.43 months.

16.   The project also supported TUOCE for computerization of the student records. A new system was developed for the purpose. The OCE of TU computerized 100% of the students' records in the newly developed software by the time of the project closing.

17.   **DLI 5 - Academic reforms introduced.** This DLI was designed to encourage academic reforms by providing financial support to eligible and competent universities and campuses that would focus on better learning outcomes and also in expansion of programs in priority areas, including S&T. While the project target was 140 consisting of 75 revised programs and 65 newly introduced programs in identifies priority areas, the respective achievements were 81 revised, and 67 newly introduced. Out of the 67 newly introduced programs 63 percent were in technical education.

18.   **DLI 6 - Poverty targeted financial support for under - privileged students.** Under this DLI the project supported students from bottom poorest quintiles in grade 11 and 12 (science stream) and higher education with preferences to girls. A Proxy Means Testing (PMT) method, which has been linked with the Nepal Living Standard Survey household consumption data, was used to identify most needy students in terms of poverty targeting. The provision aimed to minimize financial barriers to needy students in accessing and completing higher education. The SFAFDB managed this DLI as a subsidiary implementing agency. Each of the selected students received scholarship amount in their individual Bank account in their vicinity. A network of the Commercial Bank was on board for such support.

19.   At grade 11 and 12, 2,087 students received scholarship grants against the project target of 2,000 students. Similarly, at the Bachelor level 7,443 students received the scholarship against the cumulative target of 7,500. Selected students also received the scholarship in the individual bank accounts. The students selection/ sample verification and fund transfer were done largely online.

20.   **DLI 7 - Academic excellence and research.** This DLI aimed to support academic excellence in higher education through research and innovation, and to promote research capabilities of faculties and HEIs; to strengthen the linkage between teaching-learning and research with the national priorities which in turn would improve overall quality and relevance of higher education. Under this DLI, competitive research grants were provided to 1,876 RDI projects which include 650 Masters/ MPhil theses; 217 MPhil fellowships; 197 PhD fellowships; 217 small RDI; 194 faculty researches; 37 collaborative researches; 29 research trainings; 5 Technical Innovation - Scientific Investigation and Researches; seed funds to establish

68 Research Management Cells (RMCs) in HEIs; 1 integrated lab; and 50 basic labs. The research support grants were awarded on a competitive basis, with special attention given to social equity and regional balance. Around 143 research articles were published by the research awardees in refereed journals against the project target of 85. Additionally, the project also supported TU for recruitment of faculties on the basis of academic excellence and research performance. A total of 29 faculties were recruited through this process against the initial target of 50 and the revised target of 32 faculties.

21.   **DLI 8 – HEIs supported to respond to COVID-19.** The COVID-19 pandemic caused devastating effects on the different sectors. The higher education sector was also seriously affected. HEIs remained closed soon after the lockdown in March 2020. There was no provision for alternative system of teaching and learning. Therefore, to respond to the impact of COVID-19 pandemic, a new DLI was added through restructuring of the project[34] in June 2020 with four sub-DLIs: (i) at least 300 HEIs (schools/ colleges/ central departments under different universities) conduct online teaching; (ii) at least 11,400 under-privileged students receive support for online learning; (iii) at least one collaborative research on corona virus selected and fund released as per PIM; (iv) UGC networking for online system support upgraded/ strengthened.

22.   Targets for all sub-DLIs except for the sub-DLI 2 have been achieved: (i) 380 HEIs (cumulative) have conducted online teaching-learning based on respective universities online learning Guidelines; (ii) 2,997 under privileged students received support for online learning; (iii) UGC selected 3 collaborative researches specific to the COVID-19 under three thematic areas. The areas were social science, science and technology, and health science. The Central Department of Economics (TU), Central Department of Chemistry (TU) and Central Department of Public Health (TU) were awarded grants support for the research, and the departments have already submitted progress reports; and (iv) online Learning Management System (LMS) and online Application Registration System (ARS) have been developed at UGC.

23.   **Monitoring and Evaluation (M&E).** UGC was primarily responsible for overall monitoring of the project. TUPIO and SFAFDB carried out M&E activities corresponding to their respective sub-components. The activities related to the monitoring were conducted in two different modalities throughout the project implementation period by UGC as the main implementing agency and other two subsidiary implementing agencies - desk monitoring and field-based monitoring.

i.   **Desk monitoring:** The desk monitoring was an integral part in the processing of the grant disbursements to the beneficiary HEIs. The required documents and other testimonials were thoroughly checked and verified before the grant disbursements. Data collection tools were used where applicable. The rigorousness of the documents that had to be produced by HEIs helped them improve their documentation and database system. The desk monitoring system was not only applied to the project beneficiary HEIs but also to HEIs that receive the government funds from UGC. Further, the UGC has developed a GIS to modernize the monitoring activities. The system is now in function.

ii.   **Field-based monitoring:** The field-based monitoring activities were also conducted during the project period. The activities were conducted separately or jointly by the different functional units of UGC. Many need-based visits were conducted. One of the major field-based monitoring endeavors

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[34]Reallocating SDR 2.85 million, which otherwise would not have been utilized in the project.

was carried out during the mid-term of the project period by UGC. The total of 124 participating community campuses were grouped into 18 clusters. Monitoring teams of three members each were designated. Further, monitoring forms were developed incorporating the major aspects related to the academic, financial, and infrastructural status. According to the monitoring plan, field monitoring visits were conducted at 100 campuses and reports were prepared accordingly. Also, field monitoring visits were accomplished at the HEIs that received support for implementing new programs in the priority areas. HEIs that received fund support for establishing RMC were also field monitored.

24.   **EMIS**. EMIS was introduced at UGC to ensure timely reporting of higher education data. Since its establishment, UGC has made continuous effort to further develop, upgrade and maintain the system. UGC publishes comprehensive statistical information on higher education through its annual publication in the form of EMIS report. During HERP, 7 reports were published. The major indicators included in EMIS report are student enrollment, campus information, gender parity index, pass rate, graduates, GER, student -teacher ratio, teacher information, and so on. Additionally, software system has also been developed which is being used to collect information online from grants recipient HEIs. At present, more than 450 community campuses submit data through the system. Furthermore, financial management information system, online LMS, online registration system and interactive website system are integral parts of the overall EMIS at UGC.

25.   **Safeguard.** UGC developed guidelines regarding EMF/ SMF on the basis of prevailing rules and regulations. While the EMF was concerned with the management of the environmental aspects related to the construction of infrastructures in HEIs, and waste management/disposal among others, the SMF was related with the underprivileged students, local community, access road, and so on. According to the provisions, the participating HEIs were to comply with the guidelines. Furthermore, the implementing agencies and participating HEIs provisioned grievance redressal mechanism for the settlement of complaints and issues received within the institutions from the various government agencies, non-government organizations and stakeholders. Complains were collected through different approaches including the handling of the complaints received through the complaint box installed at HEIs and the implementing agencies including those that were received directly to the high-level committee formed for grievance redressal at UGC. Additionally, the complaints' queries sent by the national agencies like the Commission for Investigation of Abuse of Authority (CIAA) were also seriously addressed.

26.   The project was closed with the majority of the targeted tasks accomplished. While it largely delivered the results in areas of its interventions, there are still remaining issues and challenges that need to be resolved in the higher education sector pertaining to the project's reform initiatives.

- **Sustainability of QAA system.** Ensuring sustainability of the QAA system depends on the appropriate policy and robust institutionalized implementation mechanisms. The HEP has explicitly defined aspects related to its sustained functioning. While UGC is undertaking the responsibility regarding its strengthening and functioning at present, it is critical to have its separate and autonomous legal and institutional framework, which is still in the making. Furthermore, the accredited HEIs are struggling to maintain and enhance the institutional culture to sustain the quality norms and achievements met during the process of accreditation. This is largely due to the limited efforts put by a few of the accredited HEIs for transformational reforms with enhanced quality.

- **Pass rate.** The pass rate was one of the major performance indicators set for the (PBF. The pass rate still remains one of the major challenges especially at TU's bachelor level programs (on average less than 30%) in the areas of Humanities and Social Science, Education and Management that are running in annual system.
- **Enhanced funding to accredited public HEIs.** The majority of the constituent and community campuses of TU that run programs in the areas of Humanities and Social Science, Education and Management are facing additional financial constraints due to their low fee structures. The problems related to the constraints were found more challenging at the accredited or autonomous HEIs for they need to meet the standards of the quality norms set by the QAA system. The government policy is more inclined to cost sharing of HEIs and the public funding for quality improvement. Therefore, finding a judicious balance in uplifting resource mobilization capacity of HEIs and the proportion of the government funding remains a key issue which has to be addressed in a systemic manner.
- **Resource mobilization.** The project funding in resource mobilization at the participating HEIs has left some key issues regarding (i) the proportion of the financial resource generation by the HEIs – most of the participating HEIs either constituent or community campuses have limited capacity in terms of generating the financial resources for their share of the expenditures; and (ii) capacity constraints relating to the compliance with the regulatory framework while conducting procurement activities. Therefore, further enabling HEIs for financial resource generation and bounding them to comply with the government regulations while procuring are the major challenges that need to be addressed further.
- **Autonomy.** The project supported in the expansion of autonomy at HEIs. The major challenges that still lie in the sustainability of the institutional autonomy are (i) boosting the capacity of HEIs in uplifting their financial resource generation capacity thereby reducing their financial dependence on the government funds; and (ii) strengthening their governance capacity through policy support and robust M&E mechanism at the central level. Likewise, ensuring sustainability and enhancing credibility of the system relating to the academic autonomy are also crucial aspects.
- **Examination reform at TU**. The publication of results especially in centralized annual academic programs continues to be a major challenge at TU.
- **New/ revised programs**. One of the major reform initiatives that the project undertook was introduction of new market-oriented academic programs in the areas of the national priorities. However, designing and developing curricula in line with the market demand still needs to be strengthened and fostered in practice. The same applies with the revision of the existing curricula. The limited link between HEIs and the key players of the contemporary markets at the national as well as the international levels has difficulties in aligning the academic programs with the changing nature of labor market.
- **RDI**. Research and innovation are poor HEIs and the funding for the same is limited. Country ranks lower in Global Innovation Index (GII is 95 out of 131 countries). There is a weak mechanism to conduct collaborative research and innovation between industry and government. HEIs are not strong enough to yield productive research outcomes. Moreover, the practice of innovations, inventions, and patenting from different kinds of research projects is still in initial stage. The universities lack their defined scale-specific research priorities both thematically and spatially. Policies on cutting-edge research works lacks clarity and inadequate to boost the economy and polity of the country.
- **Equitable access.** Poor, underprivileged / disaster affected people of remote and deprived regions lack equitable access to higher education. In addition, there is no commonly agreed definition of

under-privileged and the criteria to define equitable access although the debate surrounds around *physical, social and economic.* Inequality in GER by provinces is high. For example, GER of province 2 is 4.9% and that of Karnali is 6.9%. Only the Bagmati province has a GER above the national average (14.4%) and it is above 25%. The access is variable across the social, economic strata and geographical location. Ensuring equitable access to, and retention and completion of students from these deprived provinces and bottom economic quintiles is challenging.

- **EMIS and online LMS.** HEIs' adoption of ICT is inadequate for teaching-learning and research as well as good governance and management. The policy framework for higher education digitization including at universities level is also not sufficiently streamlined with the Digital Nepal Framework. While universities have adopted some regulatory framework for blended learning, the framework are still insufficient with regard to the final student evaluation. There is a need of a central data hub at the national level, which would connect HEIs and regularly update and retrieve educational data; develop inter and intra-net connectivity for effective communication and data sharing; a common ground for online learning and Wi-Fi connectivity. HEIs are still lagging behind in adoption of blended teaching/learning practice and this is mostly associated with capacity constraints of the faculty and students, and affordability. HEIs and students of remote areas, villages, and small towns either do not have access to ICT or have inadequate band-width access. This has also posed a challenge in successful implementation of blended and online mode of education. There is a lack of effective collaboration among the ICT stakeholders (MOEST, GIDC, internet providers) to promote and strengthen digital development of the higher education. These issues would need prompt attention.

LESSONS LEARNED, WAY FORWARD AND CONCLUSION

Lessons Learned:

- QAA system's effectiveness and quality enhancement are critical for instilling culture for quality which is yet to be established. For this reason, constant mentoring and monitoring are required for maintaining quality standards and their improvements. The system's sustainability and effectiveness depend on the government policy to make the QAA system mandatory for all HEIs.

- Most of the funding indicators designed for PBF were linked with performance of output nature. Small HEIs faced challenges in achieving the performance-based grants due to their limited capacity.

- Academic autonomy provides opportunities to HEIs for offering market-relevant programs and quality output which in turn helps them to strengthen their academic capabilities. Financial support to HEIs for academic autonomy has helped HEIs to opt for the autonomy.

- Formulation of curriculum and their timely revision must embed rigorous consultations with the key players in the market and other major stakeholders in order to make them more market-relevant, including addressing the frequently changing nature of the job-market demand.

- Promotion of collaborative research on priority areas by increasing funding would strengthen the research capacity and research output of HEIs including improved research-based teaching-learning process.

- COVID-19 has given the opportunity of accelerating the digital transformation of higher education in Nepal as well. There has been a paradigm shift in the approach of HEIs leadership and academia - universities have passed regulatory framework for online/blended learning including assessments/examinations. First round of online examinations were conducted by many universities including in lagging regions. Learning from international practices, some of the universities also

revised the examination modality using improved questions items with extra weightage on analytical skills and higher order thinking. As reported, these practices were well accepted by the academia, students and guardians as these efforts were also towards adhering to the academic calendar and timely graduation. The online system of teaching learning can rapidly increase the access to higher education. However, addressing digital divide is challenging and needs to be addressed.

Way Forward:

- Strengthening UGC's regulatory framework and the overall institutional capacity as visualized in the National Higher Education Program framework.

- Improvement in the overall governance of HEIs by developing relevant policies, programs, and strategies.

- Establishing an autonomous QAAA under a legal framework as envisaged by the National Education Policy 2076 BS (2019) and the Strategic Plan of HEQAAC (2021-2030).

- Expanding the research and innovation in the country through the "National Research Council" envisioned by the National Education Policy – 2019, and the National Science, Technology and Innovation Policy-2019.

- Encouraging HEIs for the national/ international research collaborations in emerging areas of global importance and national interests.

- Strengthening the links among government, industry and academia to align the higher education to national needs with equitable access for human development and growth.

- Upgrading and introducing curriculum relevant to the areas of national priorities and in accordance to the demands of job-market that can boost employability.

- Training for faculties to transform the knowledge to make the communities resilient to disasters and vulnerability.

- Increasing enrollment and pass rate as well as minimizing the dropouts and the asymmetric access to higher education.

- Digitalizing the systems in (teaching-learning, QAA, research, M&E) and advancing the existing systems (EMIS and Accounting) with improved connectivity.

Conclusion:

27.   The HERP has played a notable role in augmenting reforms in higher education in the country. The attainment of end of project (EOP) targets reflects its impressive achievements. The project's initiation for formulation of appropriate policies, programs, and provisions for equitable quality education has boosted the systemic reforms. The national quest for ever-improved higher education has been contributed by the QAA system, and further strengthened by the HERP. The increased number of accredited HEIs in the QAA pool testifies that more HEIs are concerned for quality and systemic reforms. Similarly, the project's interventions in optimizing existing curricula and introducing new academic programs have helped align the programs to the needs of the contemporary job market. The optimized and newly introduced programs have added value to the relevancy of the courses delivered by HEIs. Further, increasing number of HEIs practicing academic autonomy has also boosted institutional strengthening.

28.   Ensuring equitable access to higher education is one of the major concerns of GON. The project support to enhance equitable access is pragmatically realized through the increased number of students

from underprivileged groups especially from poorest quintiles that include dalits, educationally disadvantaged janajatis, and especially girls. The project has also contributed in promoting research and academic excellence through its various support schemes to facilitate institutions, faculty members, students, graduates, and research scholars. Institutionalization of performance/ formula-based funding system has aided to make public funding more effective and result oriented. However, the sustainability of the achievements should be ensured through appropriate policies, programs and provisions including the commitment of all the concerned in the higher education fraternity of Nepal. Overall, the HERP can be rated satisfactory on the basis of the analysis of its results in terms of the PDOs.

Table A11.1: Results Area and DLI-wise EOP Targets and Achievements

Results Area	DLI Description	Initial EOP Target	EOP Targets First Restructuring	EOP Targets Second Restructuring	EOP Achievements
Results Area1: Systemic/ Institutional Reforms	DLI 1 - National system of accreditation established and functioning	125 HEIs accredited	'Number of accredited HEIs' is revised with 'Number of Accredited/ QAA cycle completed HEIs'; 125 HEIs accredited/ completed QAA cycle	113 HEIs complete QAA cycle/ accredited	82 HEIs complete QAA cycle including 60 HEIs accredited
	DLI 2 - Performance based financing extended to higher education	Release of final PBF to at least 45 HEIs from the three selected groups as per PIM	No change	No change	Target achieved
		FBF based funds released to at least additional 3 autonomous campuses (cumulative 10); and PBF based regular funds released to at least additional 20 community campuses (cumulative 100)	First sub-target changed to "Enhance Regular Grants Released to all Accredited/ Autonomous Community Campuses exercising Academic Autonomy"	No change	Target achieved
	DLI 3 - Autonomy extended to additional campuses/schools	Autonomy granted to 14 campuses (cumulative)	Autonomy granted to 9 campuses (cumulative)	No change	Target achieved
		8 (cumulative) autonomous/ accredited campuses or schools/ programs exercise academic autonomy	14 (cumulative) autonomous/ accredited campuses or schools/ programs exercise academic autonomy	No change	Target achieved
	DLI 4 - Examination reforms implemented,	Academic calendar of program-years of centralized Master's programs adhered to	No change	No change	Target achieved

Results Area	DLI Description	Initial EOP Target	EOP Targets First Restructuring	EOP Targets Second Restructuring	EOP Achievements
and academic calendar enforced in TU		(cumulative 15)			
		Results for regular centralized Bachelor's programs published within 3 months on an average	Removed Year 3 and 4 targets and increased the DLI pricing of Year 5 target	Removed Year 5 target and reallocated the saving to DLI 8 to respond to COVID 19	Year 1 and Year 2 targets achieved
Results Area 2: Academic Reforms and Relevance	DLI 5 - Academic reforms introduced: Revision of existing programs and introduction of new programs	Implementation of all 140 programs revised or introduced continued	Additional 60 programs revised or introduced (cumulative 140), provided that all revised or introduced programs are implemented	No change	Target achieved
Results Area 3: Equity	DLI 6 - Poverty targeted financial support for under - privileged students	Funds released to at least 2,000 students as per schedule; and Plan for sustainability of the scheme approved	No change	No change	Funds released to 2,087 students; Sustainability plan of the scheme approved by the MOEST; target overachieved
Results Area 4: Academic Excellence and Research	DLI 7 - Academic excellence and research	Final release of funds to at least 250 active projects as per schedule; and Plan for sustainability approved	Final release of funds to at least 350 active projects as per schedule, provided that the plan for sustainability has been approved	No change	Funds were released to 477 active projects as per schedule, and the research sustainability plan approved by the UGC; target overachieved
		Fifth batch of faculty (at least additional 10 – cumulative at least 50) recruited and/or promoted based on excellence	Second batch of faculty (at least additional 30) recruited and/or promoted based on excellence	Second batch of faculty (at least additional 22) recruited and/or promoted based on excellence	29 (cumulative) faculty recruited based on excellence; 86.4% of the Year 5 target achieved
Special Provision to Respond to COVID 19 Pandemic	DLI 8 – HEIs supported to respond Covid - 19	n/a	n/a	At least 300 HEIs (schools/colleges/ central departments under different universities) conduct online teaching	380 HEIs (cumulative) have conducted online teaching-learning based on respective universities online learning Guidelines and UGC - revised PIM; target overachieved

Results Area	DLI Description	Initial EOP Target	EOP Targets First Restructuring	EOP Targets Second Restructuring	EOP Achievements
				At least 11,400 under - privileged students receive support for online learning	2,997 under privileged students received fund support for online learning; 26.1% of the target achieved
				At least one collaborative research on coronavirus selected and fund released as per the PIM	3 collaborative researches selected, and fund released; progress reports submitted by the projects; target overachieved
				UGC networking for online system support upgraded/ strengthened	Online Learning Management System (LMS) and online Application Registration System ARS developed; target achieved

Table A11.2 – EOP Achievements related to the PDO Indicators

Indicator	EOP Target	EOP Achievement	Remarks
Number of accredited HEIs	125 HEIs	80 HEIs completed QAA cycle/ accredited by April 2021	Target partially achieved
Percentage of students enrolled in identified priority areas	Under Graduates: 17% Post – Graduates: 23%	Under Graduates: 33.85% Post – Graduates: 22.51%	EOP target overachieved in undergraduate programs; and close to the EOP target in postgraduate programs
Number of under-privileged students supported under the project	(a) HS total: 2,000 female: 45% (b) Bachelors total: 7,500 female: 40%	(a)HS total: 2,087 female: 45.2% (final cohort) (b) Bachelors total: 7,443 female: 62.6%	Target achieved
Average time taken for announcement of results of Bachelor's programs with centralized examinations at TU	3 months	5.43 months	EOP target revised from 3 months to 5.43 months; revised target achieved
Number of publications in refereed journals by research grants recipient	85	140	Target overachieved

ANNEX 12: Summary of University System in Nepal and QAA Process

A. University system in Nepal

1.   Currently, Nepal's higher education includes 13 public universities, their constituent and affiliated campuses (total 1,432 campuses) and five health academies. These universities and academies as public entities receive public funds in varying degrees. The universities come under the Ministry of Education, Science and Technology (MOEST) and receive public funding through MOEST via the University Grants Commission (UGC). The health academies fall under the Ministry of Health and Population (MOHP) and received public funding through MOHP. The affiliated campuses are privately-owned, and community based.

2.   Tribhuvan University (TU) established in 1958 is the Country's first University and the rest of the universities were established largely after 1990s, following the passing of the multi-university policy. Nepal's higher education system follows affiliation system whereby universities, in addition to their own constituent campuses, provide affiliation to private and community-based campuses. In the affiliation system same academic programs of a University are offered in multiple campuses affiliated to the University with a centralized curricula and examination. As a result, only a small fraction of the faculty in the central department and central campuses are involved in design of curriculum, teaching materials, examinations and in research. The centralized curricula and examination have encouraged teaching with and to textbooks. There have been some practices of autonomy and other key reforms under the support of the World Bank. These are being continued and strengthened further in the federal system Nepal has adopted, where the higher education is a shared responsibility of the Federal and Province Governments. Some of the Provinces have established province universities, whereas others are in pipeline. This will also help bring a shift to the decentralized management of the higher education to promote quality, relevance and efficiency.

3.   In academic year (AY) 2018/19, the higher education enrollment was 441,819 students (Bachelor: 89.38 percent, Master 9.87 percent and others: 0.75 percent) from 1,432 campuses – constituent: 147, community: 538 and private: 747, with enrollment share of 36.03 percent, 27.41 percent and 36.56 percent respectively. Tribhuvan University (TU) has the largest share (75.95 percent). The Gross Enrolment Rate (GER) has increased from 9 percent in 2008/09 to around 14.42 percent in 2018/19 (Male: 15.47 percent, Female: 13.56 percent). This is low compared to other Asian countries: Bangladesh (20 percent), Sri-Lanka (21 percent), India (26.9 percent), Malaysia (41.9 percent), Thailand (49.3 percent), and China (51 percent), including considerable inequities across provinces (Table A12.1)[35].

4.   Around 54 campuses affiliated to foreign universities also run higher education programs in the country (14,000 students in 2017). However, their enrollment is not yet included in the EMIS Report and the UGC is working towards including them in the subsequent Reports. Outbound mobility of students, on the other hand, in the area of STEM, is booming: between 2000 and 2016, the number of Nepali

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[35] UGC EMIS Report 2018/19

students enrolled in degree programs abroad soared by 835 percent and stood at 44,255 students in 2017.[36, 37, 38]

Table A12.1 – Province-wise share of population, campuses and student enrollment, %

Province	1	2	Bagmati	Gandaki	Lumbini	Karnali	Sudurpaschhim	Total
Population	17.12	20.4	20.87	9.07	17.9	5.01	9.63	100
Campuses	13.69	8.59	43.37	10.54	12.92	4.26	6.63	100
Enrollment	11.33	6.72	52.33	8.92	11.36	3.07	6.27	100

Table A12.2 – Basic Data

	At Baseline (2013-14)	At the End of the Project[b]
No. of Universities[a]	13	15
No. of Higher Education Institutions (HEIs)	1369	1432
No. of Constituent Colleges	*98*	*147*
No. of Community Colleges	*432*	*538*
No. of Private Colleges	*839*	*747*
Student Enrollment	458,621	441,819
Share Enrolled in General Programs	*85.5%*	*76.9%*
Share Enrolled in Technical Programs	*14.5%*	*23.0%*
Tribhuvan University (TU)		
Total HEIs under TU	1123	1141
No. of Constituent Colleges	*60*	*61*
No. of Community Colleges	*424*	*529*
No. of Private Colleges	*639*	*551*
% of total enrollment	82.0%	75.9%

[a]Including four medical academies under the Ministry of Health and Population.
[b]Data is from AY 2018-19. EMIS data for AY 2019-20 (final year of the project) will become available by November 2021.

B. Details of the QAA process

1.   There is an established procedure set by the University Grants Commission (UGC) for the higher education institutions (HEIs) to participate in the quality assurance and accreditation (QAA) process. The steps are as follows:

- *Step 1- Submission of Letter of Intent*. QAA process is initiated by individual HEIs by submitting a Letter of Intent (LOI) to the UGC Quality Assurance and Accreditation Division (QAAD).

- *Step 2 - Review of the LOI by the QAAD.* If eligibility requirements are met, the LOI is approved by the Chair of the Quality Assurance and Accreditation Council (QAAC) of the UGC, the Director of

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[36] https://wenr.wes.org/2018/04/education-in-nepal/
[37] *https://kathmandupost.com/miscellaneous/2018/09/16/foreign-degrees-domestic-colleges*
[38] https://wenr.wes.org/2018/04/education-in-nepal/

the QAAD issues 'Acceptance of the LOI' to the HEI following which the HEI can go ahead with the preparation and submission of Self Study Report (SSR).

- *Step 3 - Submission of the SSR by the HEIs as per the template.* The SSR includes two sections: *Section A: Institutional Profile* with 29 questions and *Section B: Benchmark and Criteria* with 120 questions under 8 Benchmark Criteria[39] with defined scores.

- *Step 4 - Review of the SSR by the QAAD.* Based on the review, the QAAD will either accept the SSR or recommend further improvement as required by the Guidelines. Accepted SSR is presented to the Technical Committee (TC) of the QAAC for further review/ acceptance or further improvements. Once the TC approves the SSR, it is recommended to QAAC for Peer Review Team (PRT) Formation.

- *Step 5 - PRT Formation*. The QAAC forms PRT for review of the SSR. Each PRT consists of 4 members and one QAAD staff. The PRT is led by a senior professor selected generally among Ex-Vice Chancellors, Rectors, Registrars, Deans, Heads of Departments. The other two members are also professors from universities within the country, and the final member is an international expert/professor. With the formation of the PRT the SSR review is transferred to the PRT.

- *STEP 6 - PRT Portfolio Meeting.* The PRT conducts the review of the SSR as per its Terms of Reference (TOR). PRT members discuss the SSR in Portfolio Meetings including preparation for the HEI's visit, finalizing questions/ observations to be clarified with respective stakeholders during the visit, and the dates for visit. The Portfolio Meeting also defines the individual expert-members role during the assessment visit. Each PRT member has to follow the Code of Conduct as a peer reviewer with prior declaration if they have any conflict of interest with the HEI to be reviewed and also during the assessment visit to the institutions. Any sort of individual contacts/ meetings, influences/ favors are strictly prohibited as per the PRT TOR.

- *STEP 7 - Preparatory visit to the HEI (optional).* If the PRT feels that a short pre-assessment is needed to ensure that the institution is truly ready for a final assessment, a preparatory visit can be arranged. The coordinator of the PRT and a QAAD staff member can visit the institution and collect required information, consult with stakeholders, verify documents, and provide recommendations for improvement (if any). The HEI has to work on those recommendations and submit 'Response Report'.

- *STEP 8 - Final Assessment/PRT Visit*. All member of the PRT must visit the HEI and conduct series of consultation with the stakeholders including Management Committee, Campus chief, faculties, students, employers, Institutional Quality Assurance Committee (IQAC), Research Management Cell (RMC), alumni and others. Likewise, compliance of the submitted documents is physically verified. Based on all these activities, the PRT offers its report, and builds consensus in the content of report through dialogue with the authorities of the HEI. Once agreed, the report is signed by

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[39] The Benchmark criteria are: policy & procedures (15 marks); curricular aspects (10 marks); teaching learning and evaluation (15 marks); research, consultancy and extension (10 marks); infrastructure and learning resources (20 marks); student support and guidance (10 marks); information system (10 marks); public information (10 marks)

both parties, shared during 'Exit Meeting' in presence of representatives from almost all group of stakeholders consulted.

- *Step 9 – Follow-up Visit (optional).* If the PRT feels that a follow-up visit is needed to ensure that recommendations are followed through, the coordinator of the PRT and the QAAD staff member can conduct a follow-up visit. The follow-up visit can also be decided by the QAAC.

- *STEP 10 - QAAC Meeting.* Based on review of assessment report of the PRT and presentation by the coordinator, the QAAC takes a decision on whether to recommend for accreditation or not.

- *STEP 11 - UGC Meeting.* Based on the recommendation from the QAAC, the UGC (Board) meeting takes a final decision on accreditation of the HEI.

- *Step 12 - Award Ceremony.* After UGC decides to accredit the HEI, a formal 'Award Ceremony' is organized at the UGC and the accreditation certificate is formally distributed. One cycle of accreditation is valid for 5 years.

2.   It has taken some HEIs up to two years to complete the QAA process and till date, UGC has accredited/ completed QAA cycle of 80 HEIs (four HEIs after project closing). Details of accreditation/QAA cycle completion at baseline and at the end of the project by Universities and types of colleges are provided in Table A12.3 below.

3.   COVID – 19 Response. With the emergence of the COVID – 19 Pandemic, the UGC has passed a Guideline and Procedure based on which the accreditation process is also administered through online system, and a number of HEIs have also been accredited accordingly in FY 2021.

Table A12.3 – Data on Accredited/QAA cycle completed HEIs

	At Baseline (2013-14)	*At the End of the Project[a]*
No. of accredited/QAA cycle completed HEIs	12	80
No. of Constituent Colleges	2	19
No. of Community Colleges	10	56
No. of Private Colleges	0	5
Tribhuvan University (TU)	10	69
No. of Constituent Colleges	0	10
No. of Community Colleges	10	56
No. of Private Colleges	0	3
Far-Western University		1
No. of Constituent Colleges	0	1
No. of Community Colleges	0	0
No. of Private Colleges	0	0
Kathmandu University	2	5
No. of Constituent Colleges (School)	2	5
No. of Community Colleges	0	0
No. of Private Colleges	0	0
Pokhara University		3
No. of Constituent Colleges (School)	0	3

No. of Community Colleges	0	0
No. of Private Colleges	0	0
Purbanchal University		1
No. of Constituent Colleges	0	0
No. of Community Colleges	0	0
No. of Private Colleges	0	1
Foreign Affiliation Salzburg University		1
No. of Constituent Colleges	0	0
No. of Community Colleges	0	0
No. of Private Colleges	0	1

ªData up to April 2021 are presented.

ANNEX 13: Results Chain, Intermediate Indicators and PDO Indicators by PDO Targets and Achievements

PDO 1: To support reforms in selected institutions for improving quality of higher education

PDO Indicator 1: Number of accredited HEIs, revised as 'Number of Accredited/QAA cycle completed HEIs' during the first restructuring (*Target - 125 HEIs; Achieved – 80 HEIs*)

PDO Indicator 5: Number of publications in refereed journals by research grants recipients (*Target - 85 publications; Achieved – 140 publications*)

IRI 2: Number of TU Institutions granted autonomy was revised to Number of TU/other universities' institutions/programs granted autonomy) (*Target - 14*; *Achieved – 14)*

IRI 6: Number of Research, Development and Innovation (RDI) projects supported in identified priority areas (*Target - PhD, 130; Faculty, 220; Achieved – PhD, 148; Faculty, 255*)

DLI 1: *Institutionalization of the national accreditation system:* The Project would support the establishment of a QAAA within UGC with functional autonomy; about 125 of approximately 1,275 HEIs were expected to be accredited under the Project (*Original Target – 125; Revised Target – 113; Achieved – 76*)

DLI 3: *Greater institutional autonomy:* The Project would support increasing the number of autonomous constituent campuses and the granting of academic autonomy to selected affiliated campuses (See *IRI 2 for target and achievement*)

DLI 7: The Project would support competitive funding for quality RDI by students and faculty members with a focus on priority areas. (*Target – 500 projects; Achieved – 1200 projects*)

To stimulate faculty research, TU was introducing an alternative pathway for faculty career progression. Teaching and learning would be integrated with knowledge generation through global and national networking and university partnerships. (*Original Target: 50 faculty; Revised Target: 32 faculty; Achieved: 29 faculty hired under the scheme*)

PDO 2: To support reforms in selected institutions for improving efficiency of higher education

PDO Indicator 2: Percentage of students enrolled in identified priority areas (*Target - 17 percent undergraduates, 23 percent post-graduates; Achieved – 33.85 percent undergraduates, 22.51 percent post-graduate*)

IRI 3: Number of academic programs revised (*Target – 75; Achieved - 81*)

IRI 5: Number of new academic programs introduced in identified priority areas (*Target – 65; Achieved - 67*)

DLI 5: The introduction and expansion of programs in market-relevant and priority areas of development for Nepal (*See IRIs 3 and 5 for targets and achievements*) .

PDO 3: To support reforms in selected institutions for improving efficiency of higher education

PDO Indicator 4: Average time taken for announcement of results of bachelor's programs with centralized examinations at TU (*Original Target - 3 months; Revised Target – 5.43; Achieved – 5.43*)

IRI 1: Number of institutions undertaking specified reforms (*Target - 135 HEIs; Achieved - 135 HEIs*)

IRI 4: Computerization of records of all students eligible for appearing in examinations from TU constituent and affiliated campuses (*Target - 100 percent; Achieved – 100 percent*)

DLI 2: *More effective public funding of HEIs:* The Project would provide performance grants for the introduction of FBF for UGC grants to autonomous constituent campuses as well as for the inclusion of outputs into FBF for UGC regular grants to community campuses (*Target – PBF to 90 HEIs; Achieved – 90 HEIs*)

DLI 4: *Strengthening of the examination system:* The Project would support TU's plans to decentralize and modernize the examination system, streamline processes, and enhance OCE's implementation capacity (*See PDO Indicator 4 for target and achievement*)

and TU's efforts to maintain the academic calendars of major programs. (*Target – 15 masters programs; Achieved: 15*)

PDO 4: To assist under-privileged students for equitable access

PDO Indicator 3: Number of under-privileged students supported under the Project (*Target - Higher secondary 2,000 students, of which 45 percent female, bachelor's 7,500, of which 40 percent female; Achieved - Higher secondary 2,087 students, of which 45.2 percent female, bachelor's 7,443, of which 62.6 percent female*)

DLI 6: The Project would continue to provide scholarship support to meritorious students belonging to the two poorest quintiles selected through the nationwide PMT, with preferential treatment for female students, for bachelor's students opting for S&T and other areas of national priority; about 7,500 bachelor's degree level and 2,000 higher secondary (science) students were expected to benefit from this program. (*See PDO Indicator 3 above for targets and achievement*)

COVID Response

DLI 8: HEIs supported to respond to COVID-19

- **First sub-DLI**: At least 300 HEIs (schools/colleges/central departments) under different universities conduct online teaching (*Achieved – 380 HEIs*)
- **Second sub-DLI:** At least 11,400 underprivileged students receive support for online learning (*Achieved – 2997*)
- **Third sub-DLI:** At least one collaborative research on coronavirus selected and funds released as per PIM (*Achieved – 3 collaborative research funded*)
- **Fourth sub-DLI:** UGC networking for online system support. (*Achieved – UGC online system developed*)