



1. Project Data:		Date Posted : 08/20/2002	
PROJ ID: P010454		Appraisal	Actual
Project Name: Higher Education Project	Project Costs (US\$M)	23.10	19.52
Country: Nepal	Loan/Credit (US\$M)	20.0	16.97
Sector(s): Board: ED - Tertiary education (89%), Secondary education (7%), Central government administration (4%)	Cofinancing (US\$M)	0	0
L/C Number: C2560			
	Board Approval (FY)		94
Partners involved : UNDP	Closing Date	06/30/2000	11/30/2001
Prepared by :	Reviewed by :	Group Manager :	Group:
David Berk	Helen Abadzi	Alain A. Barbu	OEDST
2. Project Objectives and Components			
a. Objectives			
The project was to support the reform process through financing that would promote much -needed systemic changes in the administrative, financial, and management processes of the university, and make such reforms feasible by improving physical facilities at a limited number of key university campuses .			
b. Components			
1. Institutional Development (\$7.7m):			
(a) Organizational reform (decentralization of management authority), including a policy implementation fund (PIF)			
(b) Educational management information system (central and at least 2 regional campuses)			
(c) Strengthening of campus-level management (development of 2 regional campus clusters).			
2. Facilities Improvement (\$8.6m):			
(a) Science and library facilities at central and 2 other key campuses			
(b) Development of institutional maintenance capacity .			
3. Instructional Delivery and Assessment (\$2.0m):			
(a) Curriculum revision (3-year bachelor's degree; undergraduate and graduate curricula in about 20 specialties); textbook availability			
(b) Rationalization of the student examination system, especially support to Controller of Examinations unit			
4. Preparation for Higher Secondary Education Reform (\$1.75m):			
Finding a pragmatic approach for phasing out higher secondary classes from Tribhuvan University, through :			
(a) Civil works in about 10 secondary schools,			
(b) Related "software".			
c. Comments on Project Cost, Financing and Dates			
Despite some expansion of facility upgrading, total project cost declined from \$ 23.1m to \$19.5m because the U.S. dollar appreciated against both the SDR and the Nepalese rupee . Only \$17.0m of the \$20.0m credit was needed. Counterpart financing was always forthcoming and totaled \$ 2.5m instead of \$3.1m. The closing date was extended by 1.5 years to permit completion.			
3. Achievement of Relevant Objectives:			
Policy Objectives :			
- Regulation of enrollment growth : Enrollments at public campuses increased from 115,000 in 1992 to only 127,000 in 2000, instead of the expected 235,000 without policy changes, and this was done despite initial strong student protests. This was done through entrance examinations and limiting admissions to the capacity of each campus and department.			
- Improving resource utilization and mobilization : Policies were articulated and Tribhuvan University achieved full coverage of examination costs, student fees covering 24% of cost, and full cost recovery for new programs with high market demand.			
- Preparation for higher secondary education (HSE) reform : Curricula, materials, examinations, and facilities at 11			

schools were upgraded. A plan for transferring HSE from Tribhuvan University was produced. The HSE Board took over 50% of such students.

- **Improving the organization, planning, and management capacity of Tribhuvan University** : The university produced a 20-year Vision and Strategic Plan; established a Planning Council and a powerful policy implementation committee of deans that was crucial in project success; and made some HR improvements. Decentralization rules were adopted, and 24 of 45 campuses and all 4 research centers chose the route of decentralization; 5 campuses and the 4 research centers went further to financing on a block-grant basis. The decentralization initiative was the single most important and far-reaching achievement of the project.

- **Improving the quality, utility, and responsiveness of higher education** : 3-year bachelor's degree programs were introduced in 5 departments, involving 386 courses. Master's programs in 5 departments comprising 862 courses were revised. The examination system was improved and examination processing was speeded up.

- **Improving and maintaining physical facilities** : Improvements at the central campus (Kirtipur) and 2 other key campuses were implemented. The Policy Implementation Fund was more successful than anticipated, assisting 24 campuses. Maintenance was not improved despite the creation of new organizational units at Kirtipur, but elsewhere interest in maintenance increased.

(Note: The policy statement in the SAR was fairly specific, but the policy action matrix was not included in either the SAR or the ICR, so it is not clear how specific and timebound it was, nor whether the considerable achievements were as planned or more or less.)

Components :

1. Institutional Development (\$7.7m):

(a) Organizational reform. Decentralization Rules: see above. The Policy Implementation Fund was instrumental in spreading reforms to 24 campuses not targeted for physical inputs.

(b) EMIS was designed and installed at 3 HQ units only.

(c) Campus-level management. The cluster concept was abandoned. However, PIF and block grants benefited targeted campuses.

2. Facilities Improvement (\$8.6m):

(a) Science and library facilities. The scope of works was extended at Kirtipur, and an unexpected 24 campuses benefited from the policy implementation fund, both of which helped to broaden support for the reform program.

(b) Institutional maintenance capacity. Efforts focused on Kirtipur, but three new units created there were not operational. However, many campuses were starting to operate maintenance funds; one developed a campus maintenance plan.

3. Instructional Delivery and Assessment (\$2.0m):

(a) Curriculum revision and textbook availability. The project complemented a UNDP project, and supported teacher orientation and procurement of equipment, textbooks, reference materials, and preparation of some instructional manuals. A new master's level curriculum was also designed and implemented in 5 faculties. Tribhuvan University designed about 10 additional market-oriented programs.

(b) Rationalization of examination system. The Controller of Examinations unit benefited from a new building, equipment including computers, staff training, and the EMIS. It conducted examinations more efficiently including speedier processing of results. Faculty were trained re different aspects of examinations, and the quality of examinations rose.

4. Preparation for Higher Secondary Education (HSE) Reform (\$1.75m):

(a) Civil works. 11 schools were upgraded, 2 satellite campuses refurbished, and 6 schools received materials and equipment.

(b) Related "software". A Transition Plan went largely unused, but design lessons for future reform were learned. The HSE Board was assisted with curriculum, materials, teacher, and examination improvements, and expanded its coverage from 3% to 50% of pupils.

4. Significant Outcomes/Impacts:

(a) Significant policy reforms were achieved during implementation, despite country political conditions through persistent dialogue during implementation and through financial incentives benefiting more stakeholders.

(b) Decentralization was the single most important project achievement.

(c) Enrollment expansion at Tribhuvan University was drastically curtailed, despite strong student protests initially.

(d) Cost recovery in public (tertiary) educational institutions became widely accepted, and actual cost recovery increased markedly.

(e) The reform outcomes are results of internal TU initiatives supported by the project. Major reform outcomes such as decentralization and cost sharing are solidly grounded in TU. Reversal of these reform achievements are unlikely as these are also supported by the survival instinct of TU.

5. Significant Shortcomings (including non-compliance with safeguard policies):

(a) Government reduced higher education budgets unexpectedly and substantially, threatening the sustainability of project gains.

(b) The regional cluster concept was important, but was abandoned.

(c) The development of campus maintenance capacity was only embryonic.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Substantial	
Sustainability :	Likely	Likely	There are certain risk factors not captured by OED's rating. Government is not leading reform efforts strongly. There is no constituency outside Tribhuvan University for enrollment restrictions (renewed opposition is more likely) or for decentralization of university management. Further reduction of Government funding would make the outcomes of reforms less solid but is not likely to reverse the reforms.
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

- (a) Higher education policy reform is a long-term process that needs continued support over a protracted period; reform requires patient discourse with and broad dialogue among all stakeholders; and incentives can make a significant difference
- (b) For cost recovery initiatives to produce sustainable improvements in education quality, they must be accompanied by a strong commitment for continued public support
- (c) Projects of high complexity -- such as university reform -- are unlikely to capture all intricacies or anticipate every eventuality, so project implementers and supervisors should be able to adjust project design with Government and IDA management support
- (d) In reform projects, achievement of development objectives must be measured by reform implementation, not by specific activities.
- (e) Stakeholder consensus up front greatly facilitates reforms, but a lack of consensus can sometimes be overcome later
- (f) Decentralization creates new incentives and stimulates new and productive thinking among
- (g) Runaway university enrollment expansion can be controlled, despite strong student protests, if the authorities are determined
- (h) Bank task team leader continuity is a strong positive for successful project implementation .

8. Assessment Recommended? ☒ Yes ☐ No

Why? This project provides a good opportunity to learn how initial opposition to higher education reforms can best be overcome, also how to achieve difficult reforms such as enrollment limitation and increased cost recovery.

9. Comments on Quality of ICR:

The ICR is full, well written, balanced, and generally convincing . Nevertheless, it should have been based more clearly on the SAR formulation of the original project objective . Also, it did not bring out sufficiently the lack of stakeholder consensus on the intended reforms before implementation began (in para. 3.5 on quality at entry and para. 7.1 on Bank performance; the issue is discussed finally in para . 8.2).