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Report No: RES01752

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT *AND/OR*
INTERNATIONAL DEVELOPMENT ASSOCIATION

RESTRUCTURING PAPER

ON A

PROPOSED PROGRAM RESTRUCTURING

OF

School Sector Transformation Program Operation

APPROVED ON 24-MAR-2023

TO

NEPAL

Education
South Asia

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CURRENCY EQUIVALENTS

(Exchange Rate Effective {April 30, 2026})

Currency Unit =	NPR
NPR 151.86=	US$1
US$1.37=	SDR 1

FISCAL YEAR
July 16 – July 15

Regional Vice President:	Johannes Zutt
Country Director:	David N. Sislen
Regional Director:	Cem Mete
Global Director:	Luis Benveniste
Practice Manager:	Keiko Inoue
Task Team Leader(s):	Maya Sherpa

ABBREVIATIONS AND ACRONYMS

AMPL	Assessment for Minimum Proficiency Level
CEHRD	Center for Education and Human Resource Development
DLI	Disbursement Linked Indicator
ECED	Early Childhood Education and Development
EMIS	Education Management Information System
EOP	End of Program
ERO	Education Review Office
FY	Fiscal Year
GoN	Government of Nepal
GPF	Global Proficiency Framework
IDA	International Development Association
IPF	Investment Project Financing
IRI	Intermediate Results Indicator
IVA	Independent Verification Agency
JFP	Joint Financing Partner
KPI	Key Performance Indicator
LEP	Local Education Plan
LG	Local Government
MEC	Minimum Enabling Conditions
MTR	Mid-Term Review
NARN	National Assessment of Reading and Numeracy
NASA	National Assessment of Student Achievement
PDO	Program Development Objective
ReAL	Recovery and Accelerated Learning
SESP	School Education Sector Plan
SSTP	School Sector Transformation Program
WB	World Bank

BASIC DATA

Product Information

Operation ID	Operation Name
P177647	School Sector Transformation Program Operation
Product	Operation Acronym
Program-for-Results Financing (PforR)	SSTP
Operation Status	Approval Date
Active	24-Mar-2023

Does this operation have an IPF component?

Yes

ACCOUNTABILITY

Region/Country

Beneficiary Country/Countries	Geographical Identifier
Nepal (NP)	Nepal
Region	Requesting Unit
SOUTH ASIA	SACSN (8295)

Will regional institutions act as the borrower/implementer?

No

Implementing Unit

Responsible Unit (e.g. EECG1)	Practice Area (Lead)
HSAE1 (9256)	Education
Contributing Practice Areas	
Gender	

OPERATION STATUS

Development Objective (DO)

Development Objective

The proposed Program Development Objective (PDO) is to increase equitable access and improve the quality and governance of school education in Nepal.

Disbursement Summary (in USD million)

Source of Funds	Net Commitment	Disbursed	Undisbursed	% Disbursed
IBRD	--	--	--	0
IDA	121.78	66.36	55.42	54.49
Grants	30.50	16.70	13.80	54.75

Policy Waivers

Does this restructuring trigger the need for any policy waiver(s)?	No

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I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. The World Bank's (WB) support to the Government of Nepal's (GoN) School Education Sector Plan (SESP) through International Development Association (IDA) financing was approved by WB's Board of Executive Directors on March 24, 2023, and the Financing Agreement was declared effective on July 16, 2023.

2. The **Program Development Objective** (PDO) is to increase equitable access and improve the quality and governance of school education in Nepal. The PDO and implementation progress are rated Moderately Satisfactory in the most recent Implementation Status and Results Report (December 2025). The PDO continues to be relevant and requires no change.

3. **Achievement of PDO Indicators:** The PDO is measured by three key performance indicators (KPIs). Of the three KPIs, one is on track, progress on one is mixed and one KPI needs to be restructured. Achievement on these KPIs is as follows:

1. **PDO Indicator 1: Improved net enrollment rate at secondary level (grades 9-12**). Inclusiveness in secondary enrollment is improving, with enrollment of Dalit, Janajati, and female students exceeding SESP targets. Gross enrollment rates have also achieved annual targets; however, net enrollment rate, while improving, remains below annual target.

2. **PDO Indicator 2: Improved numeracy and literacy as measured through NARN (DLI 4). Progress is being made to measure and track learning outcomes.** The approved National Assessment of Reading and Numeracy (NARN) framework (2023) established four benchmarks for both numeracy and reading. Grade 3 NARN was conducted in 2024, and the report has been finalized and published, establishing the baseline for percentage of students in Grade 3 with minimum proficiency in reading and numeracy. The next round of NARN in Grade 3 will be conducted at the end of the academic year 2026-27 (i.e. March 2027).

3. **PDO Indicator 3: Increased number of local governments (LGs) that receive performance grants. This PDO Indictor needs to be restructured.** At design, performance-based grant scheme was envisioned to incentivize LGs to achieve results including development and implementation of local-level education sector plan, timely reporting on physical and financial progress, and increased local budget allocation to the education sector (SSTP PAD, paragraph 36). No progress has been made in developing performance-based grant guidelines. However, substantial support has been offered to local governments for developing local education plans (LEPs), strengthening education management information system (EMIS) to improve reporting on physical progress, and on timely reporting on financial progress. Considering implementation progress on the performance indicators, the Mid-term Review (MTR) meeting proposed replacing the existing PDO indicator 3 with the indicator tracking number of LGs that have developed and approved LEP.

4. **Program Implementation Progress rating is maintained at Moderately Satisfactory.** There has been significant progress in key areas—such as increased access to basic and secondary education, the scaling-up of interventions to support implementation of integrated curriculum to strengthen foundation learning, teacher mentoring program,

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and greater attention to gender and social inclusion, including implementation of the pro-poor targeted scholarship scheme. Of 14 intermediate results indicators (IRIs), two have achieved the end of program (EOP) targets, one IRI related to online learning portal is lagging, and the remaining indicators are on track. Progress on the Program Action Plan (PAP) activities is mixed. Some activities have been completed, while others are in progress about lag behind the original schedule, especially those related to safeguards.

4. **Achievement of DLIs.** DLIs for the IDA Operation is a subset of the Joint DLIs adopted by Joint Financing Partners (JFP)[1]. Progress in achievement of Years 1 to 3 DLI targets has been satisfactory. All four Year 1 DLI targets, six out of seven Year 2 DLI targets and four out of six Year 3 DLI targets have been met. The Operation is in its fourth year of implementation.

Table 1: DLI status update (Year 1 – Year 4)

	Year 1		**Year 2**		**Year 3**		**Year 4**	
	DLI Targets	**Status**	**DLI Targets**	**DLI Targets**	**DLI Targets**	**Status**	**DLI Targets**	**Status**
DLI 2: Strengthening implementation of grades 1-3 curriculum	1	Achieved	1	Achieved	1	Achieved	1	In progress
DLI 3: Strengthened support to teachers			1	Achieved	1	Achieved	1	Achieved
DLI 4: Improved assessment and examination system	1	Achieved	1	Achieved			**1**	**Not achieved/to be dropped**
DLI 5. Improved equity and inclusion (pro-poor targeted scholarship)			1	Achieved	**2**	**1 Achieved/ 1 to be dropped[2]**	**1**	**To be modified[2]**
DLI 6: Construction of green and resilient classrooms	1 (prior result)	Achieved	1	Achieved	1	Achieved		
DLI 7. Strengthened governance and system resilience								
a. ReAL plan implemented to mitigate the learning loss resulting from COVID-19 pandemic/system resilience	2, including prior result	Achieved	1	Achieved			1	In progress
b. Performance grant scheme for LGs implemented			**1**	**Not Achieved/to be dropped**	**1**	**Not Achieved/to be dropped**	**1**	**Not Achieved/to be dropped**
Total DLI targets	**5**		**7**		**6**		**6**	

[1] Joint financing partners include Asian Development Bank, European Union, Finland, UNICEF, Norway, and FCDO. USAID formally exit from the program in 2025. FCDO joined the sector program in FY 2025/26.
[2] Implementation of pro-poor targeted scholarship related DLI is in progress but the coverage of grades in the DLI target needs t to be adjusted to align with the actual implementation, which started from Grade 6 instead of Grade 8 as envision during the design.

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5. **Disbursement.** Total disbursement as of May 10, 2026, is SDR 48.36 million out of the total SDR 89 million (54% of the total IDA allocation). Verification for the remaining Year 3 targets of DLIs 2 and 5 by the Independent Verification Agency (IVA) is ongoing and additional disbursement of up to SDR 3.7 million against achievement of these two DLI targets will be processed by June 2026, bringing the total disbursement up to 60%.

6. **Audit Report.** There is no outstanding audit report for the operation. The last audit report received was for Fiscal Year (FY) 2024/25 and was received on April 9, 2026. The previous audit reports received were acceptable to the World Bank and do not indicate any significant deficiencies with respect to the Program expenditure boundary.

7. **Citizen Engagement and cross cutting issues.** The program has made progress on citizen engagement, gender, and climate change. The SESP's biannual Joint Review and Budget Review Meetings bring together representatives from local and provincial governments, teacher associations, School Management Committee associations, and civil society organizations (CSOs). These meetings provide a platform to share good practices, challenges, and possible solutions for improving access to quality education, while strengthening dialogue between the government and stakeholders and highlighting CSO contributions toward achieving SESP targets. Gender parity in enrollment has been achieved at the basic level (Grades 1–8), while the gender parity index stands at 0.97 at the secondary level (Grades 9–12) and 0.94 in Early Childhood Education and Development (ECED). The program also supports the establishment and operationalization of Girls and Inclusive Education Networks (GIENs) in local governments in areas with more pronounced gender disparities to promote more equitable access to education.

8. **Rationale for Restructuring**: This is the first restructuring of the operation. The proposed restructuring responds to a request from the Government of Nepal (GoN), dated March 24, 2026, and reflects implementation progress and adjustments agreed during the MTR, to enhance the likelihood of achieving the PDO within the implementation timeline.

9. The restructuring will enable targeted adjustments to DLIs – dropping targets where progress has stalled (DLIs 4 and 7); modify targets to better reflect implementation realities (DLI 5) and introducing new targets (DLIs 1, 2 and 3) to deepen the focus and support to strengthen foundational learning and improve learning outcomes. Funds will also be reallocated from the Investment Project Financing (IPF) component to the PforR component. No progress has been made in utilizing the IPF funds, as grant-funded technical assistance has been provided through Bank-executed TF and other JFPs and development partners.[3] Savings from non-performing DLIs and the IPF reallocation will finance new DLI targets that build on the operation's existing investments in Early Childhood Education and Development (ECED), integrated curriculum implementation in early grades, and teacher mentoring. This strategic consolidation of resources around foundational learning interventions deepens the operation's focus on its core objective and strengthens the prospect of achieving meaningful improvements in learning outcomes within the remaining program period. DLI-wise rational is provided below:

a. **DLI 1: Ensuring minimum enabling conditions (MEC) in ECED centers:** The Global Partnership for Education (GPE) TF DLI has supported establishing and institutionalizing a reporting mechanism on ECED MEC through the Education Management Information System (EMIS), creating a basis for track improvements in ECED quality over time. EMIS data reveals uneven progress across the five MEC, with conditions related to learning corners and child-appropriate seating arrangements consistency lagging. Building on the systems already established under the existing DLI, the restructuring introduces an additional DLI target focused specially on improving these underperforming conditions across ECED centers. This addition directs resources toward gaps where targeted

[3] Grant TAs are provided through the Global Partnership for Education's (GPE) system capacity grant (SCG; around US$ 3 million) managed by UNICEF and the World Bank (BETF), EU TA managed by UNICEF, EU-Finland TA on strengthening teacher professional development and support system, (Norway-ADB TA on strengthen PFM.

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investment can yield measurable improvements in the early learning environment, reinforcing the program's broader objective of improving learning outcomes from the earliest years of a child's education.

b. **DLI 2: Strengthening implementation of grades 1-3 curriculum:** The original DLI design included training on integrated curriculum for one primary teacher per school, effectively reaching just one-third of teachers responsible for delivering curriculum in early grades. The restructuring addresses this by introducing a new DLI target requiring that at least 80% of remaining primary teachers teaching Grades 1-3 receive integrated curriculum training, with a focus on the four provinces with the lowest performance in reading and numeracy as identified in the 2024 NARN.

c. **DLI 3: Strengthen support to teachers:** New DLI targets are added to expand the classroom observation-based teacher mentoring program to reach more teachers and LGs, increasing the cumulative End of Program target from 150 LGs to 350 LGs.

d. **DLI 4: Improvement in assessment and examination system:** The adjustment reflects lack of progress on policy linking activities. Activities to align NASA for Grades 5 and 8 with the Global Proficiency Framework (GPF) through policy linking did not advance due to insufficient technical support. Additionally, UNESCO's updated guidelines no longer recognize policy linking as adequate for reporting on SDG 4.1/learning poverty, undermining the rationale for the original indicator. The Education Review Office (ERO) continues to administer NASA for Grades 5, 8, and 10 on its three-year cycle, with Grade 8 assessed in 2025 and Grade 5 in 2026. Accordingly, NASA-GPF linking is dropped as a DLI target, while NASA administration continues to be monitored through an Intermediate Results Indicator (IRI). In its place, the World Bank in collaboration with UNESCO's regional office is supporting ERO to pilot the Assessment for Minimum Proficiency Level (AMPL) in Grades 3 and 5 — a more credible and internationally aligned approach that will strengthen the national assessment system and enable reporting on SDG 4.1/learning poverty indicators**.**

e. **DLI 5: Improved equity and inclusion:** Adjustments made to the pro-poor targeted scholarship related DLI targets to reflect actual implementation. At program design, it was envisioned that the rollout of the pro-poor scholarship scheme will start from Grade 8 and cover Grades 6-8 over the program period, whereas actual implementation and rollout started from Grade 6 in Year 3. To align with the actual implementation, following adjustments are made: (i) drop Year 3 target (US$3 million) and reallocate the funds to revised Years 4 and 5 targets; (ii) Revise Year 4 and Year 5 targets to reflect the implementation sequence and increase the DLI amount.

f. **DLI 7: Strengthen governance system:** The proposed adjustments reflect the realities of implementation and better capture the government's efforts to achieve the outcomes originally envisioned under this DLI. At the design stage, a performance-based grant scheme was envisioned to incentivize local governments (LGs) to deliver results, including the development and implementation of local-level education plans (LEPs), timely reporting, and increased local budget allocations to education (SSTP PAD, paragraph 36). In practice, however, developing LEPs required considerable capacity building and sustained technical support for LGs before results-based incentives could take meaningful effect. The Ministry therefore directed its implementation support toward developing guidelines and calibration toolkits and building the capacity of LG officials across each stage of the LEP process — from development and appraisal through to formal approval. Accordingly, while the performance grant scheme and its associated DLI and KPI are being dropped, the restructuring introduces a more appropriate measure of progress — the number of LGs that have developed and received approval for their LEPs — which better reflects the pace of implementation while preserving the commitment to strengthening local education governance.

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10. **Implementation of readiness:** The four new DLI targets have been discussed and agreed with the Ministry. Budgetary provisions have been made for the new DLI targets for the next fiscal year, and the annual program implementation procedure (PIP) will provide operational guidance to the LGs, Districts Education Coordination Units (EDCUs) and the Provincial teacher training Centers on the implementation of the DLI activities. At the Federal level, under the Center for Education and Human Resource Development (CEHRD), Teaching Training Division will be responsible for the implementation of the teacher training-related activities and the ECED Division for the implementation of the ECED MEC related activities.

II. DESCRIPTION OF PROPOSED CHANGES

11. **Reallocate the funding allocated under the IPF component (US$6 million) to DLI component:** Full allocated under the IPF component will be reallocated to DLI component.

12. **Reallocate funds to new DLI targets** US$22.5 million (US$6 million from IPF component and US$16.5 million from dropped DLIs) to the new DLI targets. Reallocation across the four new DLI targets is presented below.

13. Change made to the DLI targets are presented below:

Table 1: Proposed changes in the DLI targets

DLI	DLI target	Proposed Changes /DLI allocation
DLI 1: Ensuring minimum enabling conditions (MEC) in ECED centers	**Year 5:** 5,000 ECED centers meet the minimum enabling conditions related to learning corners and child-friendly seating arrangements	Addition of new DLI target for Year 5; US$5.5 million
DLI 2: Strengthening implementation of grades 1-3 curriculum:	**Year 5:** At least 80% of the remaining primary teachers teaching grades 1-3 in the four lowest performing provinces in numeracy and literacy as per NARN 2024 Report receive training on integrated curriculum; including on formative assessment, and a hard copy of teacher guide	Addition of new DLI target for Year 5; US$9 million
DLI 3: Strengthen support to teachers:	**Year 4:** Additional 100 LGs implementing the mentoring system at basic education in at least 80% of the schools (provided LGs in years 2 and continue to implement the mentoring system) **Year 5:** Additional 100 LGs implementing the mentoring system at basic education in at least 80% of the schools (provided LGs in years 2, 3, and 4 continue to implement the mentoring system)	Addition of new DLI target for Year 4 and Year 5; US$ 4 million for each year
DLI 4: Improvement in assessment and examination system:	**Year 4:** NASA conducted for grade 8 in line with policy guideline **Year 5:** NASA conducted for grade 5 in line with policy guideline	DLI targets for Year 4 and 5 dropped
DLI 5: Improved equity and inclusion:	**Year 3:** Nationwide implementation of pro-poor scholarships for grade 8 (provided that nationwide implementation of pro-poor scholarship is continued for grades 9-12)	DLI target for Year 3 dropped; reallocation DLI allocation to the modified DLI targets for Year 4 and 5 DLI target for Year 4 and 5 modified to:

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	Year 4: Nationwide implementation of pro-poor scholarships for grade 8 (provided that nationwide implementation of pro-poor scholarship is continued for grades 912) **Year 5:** Nationwide implementation of pro-poor scholarships for grade 8 (provided that nationwide implementation of pro-poor scholarship is continued for grades 9-12)	**Year 4:** Nationwide implementation of pro-poor scholarships for grades 6 and 7 (provided that nationwide implementation of pro-poor scholarships is continued for grades 9-12); US$5 million **Year 5**: Nationwide implementation of pro-poor scholarships for grades 6 to 8 (provided that nationwide implementation of pro-poor scholarships is continued for grades 9-12); US$5 million
DLI 7: Strengthen governance system:	**Year 2:** Performance grant scheme approved and baseline established for 753 LGs on performance indicators **Year 3:** 50 LGs receiving performance grants **Year 4:** 100 LGs receiving performance grants	DLI targets dropped; KPI indicator is replaced with the number of LGs that have developed and received approval for their LEPs

14. Verification protocols for the new DLI targets are presented in Annex 2 (Table A2.1) and updated verification protocol for the modified DLI targets for DLI 5 is presented in Annex 2 (Table A2.2).

15. Overall DLI matrix with the changes are presented in Table 2 below.

16. **Results Framework:** Following changes are made to the Results Framework:

a. *Change in PDO Indictor*: PDO indicator 3 is changed to align with the changes in the DLI. PDO indicator 3 “Increase number of LGs that receive performance grant” will be replaced with an indicator tracking “number of LGs that have developed and approved their local education plan.” Refer to Annex 2, Table A2.3 for definition and other details.

b. *Changes to the IRIs*: For IRIs that are also DLIs for the Operation, the targets, including EOP targets are updated in line with the changes in the DLI targets. Refer to Table 1 below.

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Table 2: Overall DLI Matrix

Disbursement-Linked Indicators (DLIs)	Disbursement Linked Results Original					Disbursement Linked Results Post Restructuring		Changes to the PRF IRI
	FY2022-23 (Year 1)	FY2023-24 (Year 2)	FY2024-25 (Year 3)	FY2025-26 (Year 4)	FY2026-27 (Year 5)	FY2025-26 (Year 4)	FY2026-27 (Year 5)	
DLI#1: Ensuring minimum enabling conditions (MEC) in ECED center		Baseline and reporting arrangements established for minimum enabling conditions for ECED Centers (GPE STG TF DLR)	Share of ECED Centers meeting at least three minimum enabling conditions increased by 6 percentage point over baseline (GPE STG DLR)				5,000 ECED centers meet the minimum enabling conditions related to learning corners and child-friendly seating arrangements **(New DLR)**	Corresponding IRI EOP target updated to reflect the addition of the DLI target in Year 5.
DLI# 2: Strengthening implementation of grades 1-3 curriculum	At least 100 LGs implement activities to improve foundational proficiency in literacy and numeracy as per the integrated approach of the curriculum basic level 1-3 in at least 80% of the schools	At least additional 200 LGs implement activities to improve foundational proficiency in literacy and numeracy as per the integrated approach of the curriculum basic level 1-3 in at least 80% of the schools	At least additional 200 LGs implement activities to improve foundational proficiency in literacy and numeracy as per the integrated approach of the curriculum basic level 1-3 in at least 80% of the schools	At least additional 100 LGs implement activities to improve foundational proficiency in literacy and numeracy as per the integrated approach of the curriculum basic level 1-3 in at least 80% of the schools			At least 80% of the remaining primary teachers teaching grades 1-3 in the four lowest performing provinces in numeracy and literacy as per NARN 2024 Report receive training on integrated curriculum; including on formative assessment, and a hard copy of teacher guide **(New DLR)**	Corresponding IRI EOP target updated to reflect the addition of the DLI target in Year 5.
DLI# 3: Strengthened support to teachers		50 LGs implementing the mentoring system at basic education in at least 80% of the schools	Additional 100 LGs implementing the mentoring system at basic education in at least 80% of the schools	Proportion of basic schools that have full complement of math, science and English subject teachers in grades	Performance gap for average teacher performance on the observation tool reduced by 5 percent for 50 LGs	(i) Proportion of basic schools that have full complement of math, science and English subject	(i) Performance gap for average teacher performance on the observation tool reduced by 5 percent for 50 LGs	Corresponding IRI EOP target updated to reflect the addition of the DLI target in Year 5. Cumulative target

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				6-8 in total number of basic schools increased to at least 37.0%; and (ii) Proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9-10 in total number of secondary schools increased to at least 34%;	implementing mentoring program in Year 2;	teachers in grades 6-8 in total number of basic schools increased to at least 37.0%; and (ii) Proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9-10 in total number of secondary schools increased to at least 34%; (ii) Additional 100 LGs implementing the mentoring system at basic education in at least 80% of the schools (provided LGs in years 2, 3, and 4 continue to implement the mentoring system) **(New DLR)**	implementing mentoring program in Year 2; (ii) Additional 100 LGs implementing the mentoring system at basic education in at least 80% of the schools (provided LGs in years 2, 3, and 4 continue to implement the mentoring system) **(New DLR)**	increased from 150 LGs to 350 LGs.
DLI# 4: Improved assessment and examination system	National Assessment for Reading and Numeracy (NARN) framework approved	Secondary education examination implemented at provincial level		*NASA conducted for grade 8 in line with policy guideline* ***(Dropped)***	(i) NARN conducted and 3 percentage point improvement over Year 2 in literacy and numeracy; *(ii) NASA conducted for grade 5 in line with policy guidelines* ***Dropped)***		NARN conducted and 3 percentage point improvement over Year 2 in literacy and numeracy.	NASA related DLI targets have been dropped but the IRI targets are maintained to ensure that the operation continues to track the national assessments to allow to assess learning outcomes.

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DLI# 5: Improved equity and inclusion (pro-poor targeted scholarship)		Revised implementation standards for pro-poor scholarship covering at least grades 6-12, approved by MOEST	*(i)Nationwide implementation of pro-poor scholarships for grade 8 (provided that nationwide implementation of pro-poor scholarship is continued for grades 912)* ***Dropped****);* (ii) Proportion (share) of students with disabilities in total enrolment in basic education increased from 0.52 % to at least 0.71 %	Nationwide implementation of pro-poor scholarships for grades 7 (provided that nationwide implementation of pro-poor scholarships is continued for grades 8-12) (**Modified)**	Nationwide implementation of pro-poor scholarships for grades 6 (provided that nationwide implementation of pro-poor scholarships is continued for grades 7-12) (**Modified)**	Nationwide implementation of pro-poor scholarships for grades 6 and 7 (provided that nationwide implementation of pro-poor scholarships is continued for grades 9-12) (**Modified)**	Nationwide implementation of pro-poor scholarships for grades 6 to 8 (provided that nationwide implementation of pro-poor scholarships is continued for grades 9-12) (**Modified)**	Corresponding IRI updated to reflect the change
DLI# 6: Construction of green and resilient classrooms	School physical facilities development and implementation guideline approved (Prior result)	500 classrooms constructed/ retrofitted in line with the guideline	Additional 500 classrooms constructed/ retrofitted in line with the guideline					No change
DLI$ 7: Strengthened governance system and resilience	(i) Recovery and Accelerated Learning Plan (ReAL) approved by MOEST; (Prior result) (ii) 50 LGs implementing activities as per ReAL plan in at least 80% of the schools	(i) Additional 100 LGs implementing activities as per the ReAL plan in at least 80% of the schools (provided LGs in Year 1 continue to implement the activities as per the ReAL plan); and	*50 LGs receiving performance grants* ***Dropped****)*	*(i) Additional 100 LGs receiving performance grants* ***(Dropped****);* (ii) At least 15,000 schools are accessing the online learning portal 'Sikai Chautari'		At least 15,000 schools are accessing the online learning portal 'Sikai Chautari'		DLI targets dropped is also KPI 3, KPI 3 is replaced with the new indicator tracking number of LGs that have developed and approved Local Education Plan.

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		(ii) Performance grant scheme approved and baseline established for 753 LGs on performance indicators (***Dropped***)						

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III. PROPOSED CHANGES

Operation Information	Proposed Changes	Operation Information	Proposed Changes
Results	Yes	Reallocations	Yes
Disbursements Estimates	Yes	Loan Closing Date Extension	No
Development Objective	No	Loan Cancellations	No
MFD/PCE	No	Financial Management	No
Risks	No	Procurement	No
Legal Operational Policies	No	Institutional Arrangement	No
Legal Covenants	No	Implementation Schedule	No
Conditions	No	Other Change(s)	No
Implementation Modalities	No		
Disbursements Arrangements	No		
Clients	No		
Program Action Plan	No		

IV. DETAILED CHANGE(S)

COSTS & FINANCING

Is this an MFD-Enabling Project (MFD-EP)?

Is this project Private Capital Enabling (PCE)?

LOANS

Reallocation Between Disbursement Categories

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DISBURSEMENTS

Operation Dates & Projection Details

Reasons to change the full Disbursement date and/or the projection

Restructuring, Change in Pace of Implementation

Implementation Start Date	Operation Closing Date
24-Mar-2023	16-Jul-2027

Projected Date for Full Disbursement

14-Jan-2028

Expected Disbursements (in US $) (Absolute)

Year	Original Estimation at Preparation (Approval Package – 24 Mar 2023)	Revised Estimation	Actual
FY2023	2,857,142.87	0.00	0.00
FY2024	14,850,000.00	4,942,096.56	4,942,096.56
FY2025	43,350,000.00	55,415,551.29	55,415,551.29
FY2026	35,000,000.00	33,326,006.72	21,547,883.72
FY2027	26,000,000.00	32,500,000.00	0.00
FY2028	15,500,000.00	26,456,375.00	0.00

LEGAL

Environmental Assessment (EA) Category

Change in EA Category?	No

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ANNEX 1: RESULTS

COUNTRY: Nepal
School Sector Transformation Program Operation

PDO Indicators by PDO Outcomes

Improve Quality								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Result	Month/Year	Result	Date	Result	Date	Result	Month/Year
Improved literacy and numeracy as measured through NARN (Grade 3) disaggregated by gender (Text) DLI	Baseline to be established in Year 2 (disaggregated by gender TBD)	Sep/2022	NARN baseline report is being finalized. ERO presented preliminary results during the Joint Review Meeting. Final report with minimum proficiency in reading in numeracy will be made public by January 2025.	08-Dec-2025	NARN 2024 report finalized and baseline established for reading and numeracy.	06-Apr-2026	3 percentage point improvement over Year 2 in reading and numeracy (disaggregated by gender TBD)	Jul/2027
	Comments on achieving targets		The NARN refers to National Assessment of Reading and Numeracy proficiencies of grade 3 students conducted by the Education Review Office (ERO) on a nationally representative sample basis.					
Improve equitable access								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Result	Month/Year	Result	Date	Result	Date	Result	Month/Year
Improved NER in Grades 9-12 (disaggregated by gender) (Text)	T:54 (G: 54.3, B: 53.7)	Aug/2022	NER in Grades 9-12 is T: 55.8 (G:56.1; B:	08-Dec-2025	NER in Grades 9-12 is T: 55.8 (G:56.1; B:	06-Apr-2026	T:61.6 (G: 62, B: 61.1)	Jul/2027

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			55.5). Data is from AY 2024/25. Data will be updated in the next ISR with AY 2025/26 data.		55.5). Data is from AY 2024/25. Data will be updated in the next ISR with AY 2025/26 data.			
	Comments on achieving targets		NER is number of students enrolled who belong to age group that officially corresponds to Grades 9–12, divided by total population of the same age group. No update from the last ISR. Data will be updated in the next ISR with Academic Year 2025-26 data once the final flash I report is shared by the government.					

Governance

Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Result	Month/Year	Result	Date	Result	Date	Result	Month/Year
New Increase number of LGs that have developed and approved Local Education Plan (Number)	0	Sep/2022			300 + LGs have been supported to developed their LEPs, appraisal of the LEPs ongoing.	06-Apr-2026	377 LGs have developed and approved their LEPs	Dec/2027

Intermediate Results Indicators by Results Areas

Improved teacher capacity, assessments and early grade learning

Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Result	Month/Year	Result	Date	Result	Date	Result	Month/Year
Revise Ensuring minimum enabling conditions (MEC) in ECED centers (Text) DLI	NA	Aug/2022	(On track) Activities related to MECs are underway. As of JRM 2025, share of ECED centers meeting at least three MEC increased by 4.49 percentage point	08-Dec-2025	(On track) Activities related to MECs are underway. CEHRD has submitted achievement report indicating overachievement of target. Verification by IVA ongoing.	06-Apr-2026	5,000 ECED centers meet the minimum enabling conditions related to learning corners and child-friendly seating arrangements.	Jul/2027

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			from 63.61 % (baseline) to 68.1%.					
	Comments on achieving targets		The minimum enabling conditions include: (a) qualified ECED teacher (with secondary education and 90 hours of practical training); (b) child friendly tap (for easy access to drinking water); (c) toilet (with soap and water); (d) child friendly seating arrangement (preventing children from dirt and cold); and (e) six learning areas. This is also a DLI. Achievement data collection is ongoing and achievement report will be submitted by January 2025.					
Revise Number of LGs implementing activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum in grades 1-3 (Text) DLI	NA	Sep/2022	(On track) 500 LGs have implemented activities in at least 80% of the schools. Additional 100 LGs have initiated implementation of the activities this fiscal year (FY 2025/26).	08-Dec-2025	(On track) 500 LGs have implemented activities in at least 80% of the schools. Additional 100 LGs have initiated implementation of the activities this fiscal year (FY 2025/26).	06-Apr-2026	At least 80% of all remaining primary teachers teaching grades 1-3 in the four lowest performing provinces in numeracy and literacy as per NARN 2023 Report receive customized training on integrated curriculum, including formative assessment, and a hard copy of teacher guide	Jul/2027
	Comments on achieving targets		Activities include: (i) provide hard copies of the additional learning materials (in addition to the student textbooks cum workbooks for grades 1-3) and upload digital copies in the CDC website; (ii) make teacher guides accessible to teach the student textbooks; and (iii) 5-day training on the use of additional materials, include one teacher per school, and require trained teacher to conduct sharing session in his/her school to other teachers. The target will be achieved by the end target timeline as the government has allocated budget to an additional 100 LGs for the implementation in Year 4(FY 2025/26). The implementation activities have been initiated by the program LGs. This is also a DLI. Achievement data collection is in progress.					
Revise School-based teacher development through mentorship (Text)	NA	Aug/2022	(On track) 142 LGs (50 LGs in FY 2023/24 and additional 92 LGs in FY 2024/25) completed mentoring activities for the professional	08-Dec-2025	(On track) 142 LGs (50 LGs in FY 2023/24 and additional 92 LGs in FY 2024/25) completed mentoring activities for the professional	06-Apr-2026	Additional 100 LGs implementing mentoring system in 80% of basic education schools. Cumulative 350 LGs	Jul/2027

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			development of teachers covering 80% of basic education schools.		development of teachers covering 80% of basic education schools.			
	Comments on achieving targets		The mentoring program is being implemented as planned and the targets are confirmed to be achieved by the end target year. The government has allocated budget for implementing the program in an additional 110 LGs in FY 2025/26 and mentoring activities have been initiated in most of these LGs. In addition, the government is in the process of revising the mentoring Standard Operating Procedure (SOP) to address the challenges and the make the program more sustainable and scalable moving forward. This is also a DLI. Verification of Year 3 DLI achieved target by an independent verification agency is ongoing.					
Share of schools with full complement of subject teachers (English, Math and Science) (Text)	Basic schools, grades 6-8: 25.8%Secondary schools, grades 9-10: 21%	Aug/2022	(Achieved) Basic schools, Grades 6-8: 42.4 % ; Secondary schools, grades 9-10: 34.4 %.	08-Dec-2025	(Achieved) Basic schools, Grades 6-8: 42.4 % ; Secondary schools, grades 9-10: 34.4 %.	06-Apr-2026	Basic schools, grades 6-8: 37.0% Secondary schools, grades 9-10: 34.0%	Jul/2027
	Comments on achieving targets		Schools with full complement teachers means they are deployed in accordance with the existing education regulations and student teacher ratio norms. If teacher teaches both at basic and secondary levels in the same school, he/she is counted for both levels.					
Large-scale primary/secondary learning assessments completed (Number)	0.00	Aug/2022	(On Track). Two large-scale assessments – National Assessment for Reading and Numeracy (NARN) for grade 3 and National Assessment of Student Achievement (NASA) for grade 8 are completed. NASA for Grade 5 will be conducted in February 2026 and	08-Dec-2025	(On Track). Two large-scale assessments – National Assessment for Reading and Numeracy (NARN) for grade 3 and National Assessment of Student Achievement (NASA) for grade 8 are completed. NASA for Grade 5 will be conducted in February 2026 and	06-Apr-2026	4.00	Jul/2027

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			NARN for Grade 3 planned for February 2027.		NARN for Grade 3 planned for February 2027.			
	Comments on achieving targets		Additional two large scale assessments (Bank-supported) are scheduled as follows: i) FY 2026/27: National Assessment for Reading and Numeracy (NARN) for grade 3 iii) FY 2026/27: National Assessment of Student Achievement (NASA) for grade 5 However, NASA Grade 8 (Year 4) and NASA in Grade 5 (Year 5) do not meet the DLIs requirement of alignment with the global proficiency framework and policy linking. Hence, as agreed during the SESP MTR meeting, associated DLIs for both assessments will be dropped.					
Improved equity in access to basic and secondary education								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Result	Month/Year	Result	Date	Result	Date	Result	Month/Year
Students benefiting from direct interventions to enhance learning (Number)	8,000,000.00	Aug/2022	Estimated number of students benefiting from direct interventions is 1,322,490.	22-May-2025	Estimated number of students benefiting from direct interventions is 1,322,490.	06-Apr-2026	8,400,000.00	Jul/2027
	Comments on achieving targets		Direct interventions to enhance learning include implementation of the following programs i) Teacher mentoring (50 Municipalities) ii) Integrated curriculum (300 Municipalities) iii) ReAL plan (At least 4,696 corresponding schools from 150 Municipalities). This indicator is expected to be achieved by the target year with the implementation of following interventions: i) Integrated Curriculum [in 600 Municipalities (cumulative)] ii) Teacher mentoring [in 150 Municipalities (cumulative)] iii) ReAL plan in additional 100 LGs (Year 3)					
Students benefiting from direct interventions to enhance learning - Female (Number)	4,000,000.00		Estimated number of female benefiting from direct interventions is 634,795.		Estimated number of female benefiting from direct interventions is 634,795.		4,200,000.00	
	Comments on achieving targets		Direct interventions to enhance learning include implementation of the following programs i) Teacher mentoring (50 Municipalities) ii) Integrated curriculum (300 Municipalities) iii) ReAL plan (150 Municipalities). This indicator is expected to be achieved by the target year with the implementation of following interventions: i) Integrated Curriculum [in 600 Municipalities (cumulative)] ii) Teacher mentoring [in 150 Municipalities (cumulative)] iii) ReAL plan in additional 100 LGs (Year 3)					
Girls net enrollment rate, Gr 1-5 (Percentage)	96.50	Apr/2024	94.50	23-May-2025	94.50	06-Apr-2026	97.50	Jul/2027
	Comments on achieving targets		The data is the same as in the last ISR. An update will be provided in the next ISR once the final Flash I report for AY 2025/26 is shared.					

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Girls net enrollment rate, Gr 1-5, Lumbini (Percentage)	94.10	Apr/2024	93.90	23-May-2025	93.90	06-Apr-2026	95.10	Jul/2027
	Comments on achieving targets		The data is the same as in the last ISR. An update will be provided in the next ISR once the final Flash I report for AY 2025/26 is shared.					
Girls net enrollment rate, Gr 1-5, Madhesh (Percentage)	96.80	Apr/2024	94.30	23-May-2025	94.30	06-Apr-2026	97.80	Jul/2027
	Comments on achieving targets		The data is the same as in the last ISR. An update will be provided in the next ISR once the final Flash I report for AY 2025/26 is shared.					
Girls net enrollment rate, Gr 1-5, Sudurpaschim (Percentage)	96.30	Apr/2024	94.50	23-May-2025	94.50	06-Apr-2026	97.30	Jul/2027
	Comments on achieving targets		The data is the same as in the last ISR. An update will be provided in the next ISR once the final Flash I report for AY 2025/26 is shared.					
Revise Pro-poor scholarships implemented in basic and secondary level and inclusion (Text) DLI	Scholarship to grades 9-12 distributed; enrollment of CWD in basic education: 0.52% (G:0.45%; B: 0:59%)	Sep/2022	(On track) Scholarship distributed to first cohort of students from grades 6 and 9. These Grade 6 recipients will continue to receive scholarships until grade 8 and grade 9 recipients will continue to receive until grade 12. The share of students with disabilities in total enrollment in basic education increased to 0.74% from 0.52% .	08-Dec-2025	(On track) Scholarship distributed to first cohort of students from grades 6 and 9. These Grade 6 recipients will continue to receive scholarships until grade 8 and grade 9 recipients will continue to receive until grade 12. The share of students with disabilities in total enrollment in basic education increased to 0.74% from 0.52% .	06-Apr-2026	Pro-poor scholarship in grades 6–8 and Grades 9-12 distributed.	Jul/2027
	Comments on achieving targets		The targets will be achieved by the end target year. Scholarships for Grades 6 and 9 distributed. Grades 6 an 9 recipients will continue to receive scholarships till grades 8 and 12 respectively. Selection process of the second cohort (new Grades 6 and 9) is underway and will receive scholarships immediately after the new academic year starts in April/May 2026.					
Construction of classrooms (Text) DLI	NA	Aug/2022	(Achieved) 2,260 classrooms have	08-Dec-2025	(Achieved) 2,260 classrooms have	06-Apr-2026	1,500 (cumulative) classrooms	Jul/2027

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			been constructed following the updated guidelines.		been constructed following the updated guidelines.		constructed/retrofitted in line with new guideline.	
	Comments on achieving targets		The target has been overachieved.					
Number of students receiving pro-poor scholarships in basic and secondary levels (of which % girls) (Text)	Pro-poor scholarship at the secondary level approved and implemented.	Aug/2022	(On track) In the first cohort, 96,245 students were selected as scholarship recipient. Of them 66,642 (62.78% girls) have already received the scholarship and scholarship distribution process is underway for the remaining students.	08-Dec-2025	(On track) In the first cohort, 96,245 students were selected as scholarship recipient. Of them 66,642 (62.78% girls) have already received the scholarship and scholarship distribution process is underway for the remaining students.	06-Apr-2026	154,562 (Girls at least 50%)	Jul/2027
	Comments on achieving targets		Approximately, 62% of the end target has been met and the full target is expected to be met by the end target year. The current cohort of grades 6 and 9 will continue to receive scholarship until grades 8 and 12 respectively and selection process of the new cohort is progressing well.					
Share of girls in science stream at secondary level (Grade 11-12) (Percentage)	13.60	Sep/2022	21.44	23-May-2025	21.44	06-Apr-2026	18.00	Jul/2027
	Comments on achieving targets		The data is the same as in the last ISR. An update will be provided in the next ISR once the final Flash I report for AY 2025/26 is shared.					
Girls net enrollment rate, Gr. 6-8 (Percentage)	94.20	Apr/2024	93.60	23-May-2025	93.60	06-Apr-2026	95.20	Jul/2027
	Comments on achieving targets		The data is the same as in the last ISR. An update will be provided in the next ISR once the final Flash I report for AY 2025/26 is shared.					
Girls net enrollment rate, Gr. 6-8, Lumbini (Percentage)	94.40	Apr/2024	93.60	23-May-2025	93.60	06-Apr-2026	95.40	Jul/2027
	Comments on achieving targets		The data is the same as in the last ISR. An update will be provided in the next ISR once the final Flash I report for AY 2025/26 is shared.					
Girls net enrollment rate, Gr 6-8, Madhesh (Percentage)	94.40	Nov/2024	93.70	23-May-2025	93.70	06-Apr-2026	95.40	Jul/2027
	Comments on achieving targets		The data is the same as in the last ISR. An update will be provided in the next ISR once the final Flash I report for AY 2025/26 is shared.					

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Girls net enrollment rate, Gr 6-8, Sudurpaschim (Percentage)	94.00	Apr/2024	93.50	08-Dec-2025	93.50	06-Apr-2026	95.00	Jul/2027
	Comments on achieving targets		The data is the same as in the last ISR. An update will be provided in the next ISR once the final Flash I report for AY 2025/26 is shared.					
Girls net enrollment rate, Gr 9-10 (Percentage)	75.80	Apr/2024	77.30	23-May-2025	77.30	06-Apr-2026	77.80	Jul/2027
	Comments on achieving targets		The data is the same as in the last ISR. An update will be provided in the next ISR once the final Flash I report for AY 2025/26 is shared.					
Girls net enrollment rate, Gr 9-10, Lumbini (Percentage)	75.80	Apr/2024	77.50	23-May-2025	77.50	06-Apr-2026	77.80	Jul/2027
	Comments on achieving targets		The data is the same as in the last ISR. An update will be provided in the next ISR once the final Flash I report for AY 2025/26 is shared.					
Girls net enrollment rate, Gr 9-10, Madhesh (Percentage)	75.20	Apr/2024	84.10	23-May-2025	84.10	06-Apr-2026	77.20	Jul/2027
	Comments on achieving targets		The data is the same as in the last ISR. An update will be provided in the next ISR once the final Flash I report for AY 2025/26 is shared.					
Girls net enrollment rate, Gr 9-10, Sudurpaschim (Percentage)	76.20	Apr/2024	75.70	23-May-2025	75.70	06-Apr-2026	78.20	Jul/2027
	Comments on achieving targets		The data is the same as in the last ISR. An update will be provided in the next ISR once the final Flash I report for AY 2025/26 is shared.					
Girls net enrollment rate, Gr 11-12 (Percentage)	34.80	Apr/2024	37.50	23-May-2025	37.50	06-Apr-2026	36.80	Jul/2027
	Comments on achieving targets		The data is the same as in the last ISR. An update will be provided in the next ISR once the final Flash I report for AY 2025/26 is shared.					
Girls net enrollment rate, Gr 11-12, Lumbini (Percentage)	36.30	Apr/2024	37.60	23-May-2025	37.60	06-Apr-2026	38.30	Jul/2027
	Comments on achieving targets		The data is the same as in the last ISR. An update will be provided in the next ISR once the final Flash I report for AY 2025/26 is shared.					
Girls net enrollment rate, Gr 11-12, Madhesh (Percentage)	36.00	Apr/2024	23.70	23-May-2025	23.70	06-Apr-2026	38.00	Jul/2027
	Comments on achieving targets		The data is the same as in the last ISR. An update will be provided in the next ISR once the final Flash I report for AY 2025/26 is shared.					
Girls net enrollment rate, Gr 11-12, Sudurpaschim (Percentage)	34.90	Apr/2024	39.10	23-May-2025	39.10	06-Apr-2026	36.90	Jul/2027
	Comments on achieving targets		The data is the same as in the last ISR. An update will be provided in the next ISR once the final Flash I report for AY 2025/26 is shared.					
Strengthened education governance and system resilience								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Result	Month/Year	Result	Date	Result	Date	Result	Month/Year

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Increased share of schools accessing online learning portal (Text)	NA	Aug/2022	(On track) 8,857 schools are accessing online learning portal 'Sikai Chautari'.	08-Dec-2025	(On track) 8,857 schools are accessing online learning portal 'Sikai Chautari'.	06-Apr-2026	15,000 schools are accessing the online learning portal 'Sikai Chautari'	Jul/2027
	Comments on achieving targets		Sikai Chautari refers to online portal established by MOEST to support learning continuity during COVID-19 pandemic. Strategic roadmap for upgrading content for the on-line learning portal 'Sikai Chautari' has been approved. E-resource materials development is in progress and learning portal is being updated. Additional teacher/orientation is also underway to increase the number of schools accessing and utilizing the learning portal.					
Implementation of a structured recovery and accelerated learning (ReAL) plan to mitigate impact of COVID-19 learning losses (Text)	NA	Sep/2022	(Achieved) 150 LGs (cumulative) have implemented ReAL in at least 80% of the schools.	08-Dec-2025	(Achieved) 150 LGs (cumulative) have implemented ReAL in at least 80% of the schools.	06-Apr-2026	150 LGs (cumulative) have implemented ReAL in at least 80% of the schools	Jul/2027
	Comments on achieving targets		This indicator has been achieved. Implementation in additional 100 LGs by the government in Year 3 has also been completed. ReAL plan evaluation based on the first three years of implementation is ongoing.					
Share of community schools conducting social audit using school report cards (Percentage)	42.00	Aug/2022	93	08-Dec-2025	93	06-Apr-2026	95.00	Dec/2027
	Comments on achieving targets		Social audit is carried out in accordance with the MOEST guidelines. This is on track and annual target for Year 3 has been overachieved.					

Disbursement Linked Indicators (DLI)

DLI Name		Baseline	Actual (Previous)		Actual (Current)		End Target
			Result	Date	Result	Date	
Revise 1 Ensuring minimum enabling conditions (MEC) in ECED centers (Text)	Value	NA	Year 2 (Achieved and Disbursed). Baseline and reporting arrangements established for	08-Dec-2025	Year 2 (Achieved and Disbursed). Baseline and reporting arrangements established for MEC for ECED centers. Year	06-Apr-2026	5,000 ECED centers meet the minimum enabling conditions related to learning corners and child-friendly seating arrangements

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Total Allocation:15,350,000.00	Allocated Amount	0.00	MEC for ECED centers. Year 3 (Partially achieved): As of JRM 2025, share of ECED Centers meeting at least three minimum enabling conditions has increased by 4.49 percentage point from 63.61 % in Year 2 to 68.1%. The data collection is ongoing and there is a likelihood of achieving the target of increment by 6 percentage point over the baseline within the current FY.		3 (under IVA verification): CEHRD has submitted achievement report indicating overachievement of the target. IVA verification is ongoing.		5,500,000.00
Revise 2 Number of LGs implementing activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum in grades 1-3 (Text) Total Allocation:21,000,000.00	Value	NA	Year 1 (Achieved, verified and Disbursed). 100 LGs implemented the activities. Year 2 (Achieved and Disbursed). Additional 200 LGs implemented the activities. Year 3 (Achievement data collection is in progress):	08-Dec-2025	Year 1 (Achieved and Disbursed). 100 LGs implemented the activities. Year 2 (Achieved and Disbursed). Additional 200 LGs implemented the activities. Year 3 (Verification by IVA ongoing): Additional 200 LGs have implemented activities to improve	06-Apr-2026	At least 80% of all remaining primary teachers teaching grades 1-3 in the four lowest performing provinces in numeracy and literacy as per NARN 2023 Report receive customized training on integrated curriculum, including formative assessment, and a hard copy of teacher guide

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	Allocated Amount	0.00	Additional 200 LGs have implemented activities to improve foundational proficiency. Data collection of 167 LGs completed. Year 4 (On track and Not Due Yet). Additional 100 LGs are implementing activities to improve foundational proficiency.		foundational proficiency. CEHRD has submitted achievement report; verification by IVA ongoing. Year 4 (On track and Not Due Yet). Additional 100 LGs are implementing activities to improve foundational proficiency.		9,000,000.00
Revise 3 Strengthened support to teachers (Text) Total Allocation:45,650,000.00	Value	No school based teacher development support exists in the federal structureBasic schools that have full complement of Math, Science and English subject teachers in grades 6-8: 25.8%Secondary schools that have full complement of Math, Science and English subject teachers in grades 9-10: 21%	Year 1 (Achieved and Disbursed). SOP approved. Year 2 (Achieved and Disbursed). 50 LGs implemented mentoring activities. Year 3 (Partially Achieved; Verification of the achievement ongoing). Additional 92 out of 100 LGs implemented mentoring activities. Year 4 (Achieved; Verification of the achievement	08-Dec-2025	Year 1 (Achieved and Disbursed). SOP approved. Year 2 (Achieved and Disbursed). 50 LGs implemented mentoring activities. Year 3 (Partially Achieved and disbursed). Additional 92 out of 100 LGs implemented mentoring activities. This partial achievement has been verified by IVA and partial disbursement completed. Year 4 (Achieved and verified): The	06-Apr-2026	Performance gap for average teacher performance on the observation tool reduced by 5 percent for the 50 LGs implementing mentoring program in Year 2 (US$4.0 million). Additional 1,500 ECE trained according to the updated TPD framework (US$1.3 million). An additional 100 LGs implementing the mentoring system at basic education in at least 80% of the schools (provided LGs in year 2, 3 & 4 continue to implement the

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			ongoing): The proportion of schools that met the target reached 42.4% (against 37.0% target) for basic education and 34.40% (against 34.0% target) for secondary education.		proportion of schools that met the target reached 42.4% (against 37.0% target) for basic education and 34.40% (against 34.0% target) for secondary education. Verification by IVA confirmed the achievement and disbursement completed.		mentoring system) (US$ 4 million)
	Allocated Amount	0.00					9,300,000.00
4 Improved literacy and numeracy as measured through NARN (Grade 3) disaggregated by gender (Text) Total Allocation:8,000,000.00	Value	Baseline to be established in Year 2 (disaggregated by gender TBD)	Year 1 (Achieved and Disbursed). NARN Framework approved. Year 3: No targets. Year 4 (DLI agreed to be dropped): NASA in Grade 8 has been completed but since the assessment does not alignment with the GPF and policy linking, this has been agreed to be dropped.	08-Dec-2025	Year 1 (Achieved and Disbursed). NARN Framework approved. Year 3: No targets. Year 4 (DLI agreed to be dropped): NASA in Grade 8 has been completed but since the assessment does not alignment with the GPF and policy linking, this has been agreed to be dropped.	06-Apr-2026	NARN conducted and three percentage point improvement over Year 2 in literacy and numeracy
	Allocated Amount	0.00					5,000,000.00
Revise 5 Pro-poor scholarships implemented in basic and secondary level and inclusion (Text)	Value	Scholarship to grades 9-12 distributed; enrollment of CWD in basic education: 0.52% (G:0.45%; B: 0:59%)	Year 2 (Achieved and Disbursed): Revised guidelines with an updated Proxy Means Testing form)	08-Dec-2025	Year 2 (Achieved and Disbursed): Revised guidelines with an updated Proxy Means Testing form) approved. Year 3 (i)	06-Apr-2026	Nationwide implementation of pro-poor scholarships for grades 6 to 8 in line with revised IS (provided that nationwide

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Total Allocation:20,000,000.00			approved. Year 3 (i) and Year 4 (Minor revision required): As per the DLI design, the implementation of PPTS was to start from grade 8 in Year 3 ultimately covering grades 6-8 students by Year 5. However, the government rolled out the program from grade 6 instead (grades 6-8 will be covered by Year 5). Year 3 (ii) (Achieved; Achievement report preparation is in progress): Share of CwD in total enrollment in basic education increased to 0.74% from 0.52% exceeding the DLI target of 0.71%.		target dropped and Years 4 and 5 target revised (minor revision): As per the DLI design, the implementation of PPTS was to start from grade 8 in Year 3 ultimately covering grades 6-8 students by Year 5. However, the government rolled out the program from grade 6 instead (grades 6-8 will be covered by Year 5). Adjustments to the DLI targets are made to reflect the implementation sequence. Year 3 (ii) (Achievement report submitted; Verification by IVA in process): Share of CwD in total enrollment in basic education increased to 0.74% from 0.52% exceeding the DLI target of 0.71%.		implementation of pro-poor scholarships is continued for grades 9-12) (US$5 million). Additional Financing: GIENs established in additional 10% of LGs and functional in 65% of LGs in Madhesh, Lumbini and Sudurpaschim Provinces on average (US$2.0 million).
	Allocated Amount	0.00					7,000,000.00
6 Construction of classrooms (Text) Total Allocation:24,000,000.00	Value	NA	Year 2 (Partially Achieved and Partial Disbursement Completed): 92.15% of the	08-Dec-2025	Year 2 (Partially Achieved and Partial Disbursement Completed): 92.15% of the constructed classrooms met the	06-Apr-2026	NA
	Allocated Amount	0.00					0.00

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			constructed classrooms met the guideline requirements. The remaining targets will be achieved together with Year 3 targets. Year 3 (Achieved, Achievement report preparation is in progress). 2,260 classrooms were constructed following the updated guidelines (this includes achievement of the remaining targets of Year 2).		guideline requirements. The remaining targets will be achieved together with Year 3 targets. Year 3 (Achieved and verified). 2,260 classrooms were constructed following the updated guidelines (this includes achievement of the remaining targets of Year 2). Achievement verified by IVA, disbursement in progress.		
Revise 7 Strengthened governance and system resilience (Text) Total Allocation:16,500,000.00	Value	NA	Year 1 and 2 (Achieved, verified and Disbursed). ReAL plan activities have been completed in 150 LGs.	08-Dec-2025	Year 1 and 2 (Achieved and Disbursed). ReAL plan activities have been completed in 150 LGs.	06-Apr-2026	NA
	Allocated Amount	0.00					0.00

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Annex 2: Description of DLIs and PDO Indicators

Table A2.1: Description and Verification Protocol for new DLI targets

DLI	Description and Verification Protocol
DLI 1: **Year 5:** 5,000 ECED centers meet the minimum enabling conditions related to learning corners and child-friendly seating arrangements	Minimum enabling conditions (MEC) are defined in the National Minimum Standards for ECD Centers (2075). This DLI target is achieved when 5,000 ECED centers have established the 6 learning corners and child friendly seating arrangements as per the National Minimum Standards for ECD centers (2075). MEC data from IEMIS will be used to identify ECED centers not meeting these two MEC requirements for support. The DLI achievement report will include (i) the provision of budget in FY 2026/27 budget for these activities; and (ii) the list of schools/ECED Centers meeting the two MECs. IVA will verify the achievement by i) desk review of achievement report/data submitted by MOEST/CERHD and relevant secondary documents/reports ii) field visits/survey on sample basis of schools (randomly selected by IVA). IVA will submit the verification report with relevant supporting documents and data, if data is collected as part of the verification process.
DLI 2: **Year 5:** At least 80% of all the remaining primary teachers teaching grades 1-3 in the four lowest performing provinces in numeracy and literacy as per NARN 2023 Report receive at least a minimum of 5-day training on integrated curriculum, including formative assessment, and a hard copy of teacher guide.	**Definition:** Primary teacher teaching grades 1-3 should include teachers of all categories: permanent, temporary, Rahat, and others hired through LG and school's own resources. Four lowest performing Provinces in literacy and numeracy based on the NARN 2024 report should be selected to implement the activities under this DLI which include: (i) 5-day customized training on integrated curriculum as per the Training Curriculum and Trainer's Guide (TG) approved by CEHRD; (ii) provision of hard copy of the teacher guides for the teachers. The DLI is achieved when the target provinces have implemented the activities covering at least 80% of the remaining primary level teachers teaching grades 1-3. The DLI achievement report will include: (i) Confirmation that CEHRD's Program Implementation Procedure (PIP) includes provision requiring a minimum of 5-day customized training on the integrated curriculum, incorporating references to the approved Training Curriculum and Trainer's Guide (TG) (ii) list of schools and names of at least 80% of the primary level teachers teaching grades 1-3 who have received the 5-day customized integrated curriculum training and have received the hard copy of the teacher guide; (iii) MOEST/CERHD will submit details and data as evidence of implementation of each of the two components. IVA will verify the achievement by i) desk review of achievement report/data submitted by MOEST/CERHD and relevant secondary documents/reports ii) interviews with relevant stakeholders (MOEST/CEHRD, CDC) iii) field visits/survey on sample basis of schools (randomly selected by IVA).
DLI 3: **Year 4:** An additional 100 LGs implementing the mentoring system at basic education in at least 80% of the schools (provided LGs in year 2 & 3 continue to implement the mentoring system)	This DLI is achieved when the respective Local Governments implement the mentoring system as per the SOP in at least 80% schools in basic level grades. Implementation is expected to at least include, mentor and mentee/teacher selection, mentor training, orientation for mentees/ teachers, classroom observation of teachers using the TEACH tool (or a comparable observation tool); and mentor-mentee/teacher coaching time. The DLI achievement report will include the list of LGs and corresponding schools implementing the mentoring system, mentioning the mentors, the mentees/teachers, the training participated by the mentors, and implementation of mentoring process.

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DLI	Description and Verification Protocol
Year 5: An additional 100 LGs implementing the mentoring system at basic education in at least 80% of the schools (provided LGs in year 2, 3 and 4 continue to implement the mentoring system)	I VA will verify achievement by i) desk review of achievement report/data submitted by MOEST and relevant documents ii) interviews with relevant stakeholders (as needed) iii) field visits in representative samples (randomly selected) of enlisted LGs, schools and teachers who received support. IVA will submit the verification report with relevant supporting documents and data, if data is collected as part of the verification process.

Table A2.2: Updated verification protocol for the amended DLI targets

DLI	Original	Revised
DLI 5: **Year 4:** Nationwide implementation of pro-poor scholarships for grades 6 and 7 (provided that nationwide implementation of pro-poor scholarships is continued for grades 9-12. **Year 5:** Nationwide implementation of pro-poor scholarships for grades 6 and 7 (provided that nationwide implementation of pro-poor scholarships is continued for grades 9-12	**Years 4 and 5:** This DLI is achieved when MOEST submits an achievement report with details on nationwide Implementation or pro-poor scholarships roll-out. The IVA will verify the achievement based on desk review and interviews with MOEST/ CEHRD, a subset of LGs, and beneficiaries selected by IVA.	**Years 4 and 5:** This DLI is achieved when MOEST submits an achievement report with details on nationwide Implementation or pro-poor scholarships roll out as per the revised pro-poor scholarship guidelines. The achievement report will include details on number of applicants and students selected and receiving the pro-poor scholarship disaggregated by grade and gender. The IVA will verify the achievement based on desk review and interviews with MOEST/ CEHRD, a subset of LGs, schools and beneficiaries selected by IVA. IVA will submit the verification report with relevant supporting documents and data, if data is collected as part of the verification process.

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Table A2.3: Description of PDO indictor 3

Indicator Name	Description
PDO Indicator 3: Increase in number of LGs that have developed and approved Local Education	CEHRD in Year 1 of SESP/SSTP approved Guideline for the local governments for preparing the GESI responsive and disaster and climate resilient periodic plan that at least ensures (i) equal opportunity for females and vulnerable groups in access and learning; (ii) disaster and climate change mitigation measures to improve preparedness of schools; (iii) consultations with relevant stakeholders including associations of women, Dalits, and persons with disabilities through participatory approach to understand their concerns on local education system and how those could be addressed. The number of local governments that have developed and approved their periodic plans as per the approved CEHRD guidelines is uploaded on the Local Government's website and reported by MOEST/CEHRD.

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