



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 24-Aug-2020 | Report No: PIDC28033

**BASIC INFORMATION****A. Basic Project Data**

Country Nepal	Project ID P171516	Parent Project ID (if any)	Project Name Nurturing Excellence in Higher Education Project (P171516)
Region SOUTH ASIA	Estimated Appraisal Date Feb 23, 2021	Estimated Board Date Jul 14, 2021	Practice Area (Lead) Education
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Ministry of Education, Science and Technology	

Proposed Development Objective(s)

The Project Development Objectives are to strengthen market relevance and quality of higher education, boost collaborative research and innovation, and enhance equitable access for underprivileged and disaster affected groups.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	1,100.00
Total Financing	1,100.00
of which IBRD/IDA	60.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	60.00
IDA Credit	60.00

Non-World Bank Group Financing

Counterpart Funding	1,040.00
Borrower/Recipient	1,040.00



Environmental and Social Risk Classification

Moderate

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Over the past decade, Nepal's economy has performed reasonably well, though vulnerabilities have increased with COVID-19.** Real growth domestic product (GDP) growth averaged 4.9 percent (at market prices) over 2010-19. Although declining as a share in the economy, agriculture continues to play a large role, contributing over 29 percent of GDP in FY2019. The service sector has grown in importance, accounting for 46 percent of GDP in FY2019. Industry and manufacturing have grown more slowly and their relative share in the economy has averaged 14 percent of GDP over the past decade. Similarly, exports continue to struggle, while imports are fueled by remittances. Remittances remained stable, between 2010-19, with its share as a percentage of GDP averaging 24.5 percent, supported by an increased transfer of funds through formal channels in recent years. Inflation has been in single digits for most of the past decade, with the peg of the Nepalese rupee to the Indian rupee providing a nominal anchor. Fiscal balances remained sustainable owing to strong revenue growth and modest spending. However, the federal government is now sharing revenue and transferring grants to provincial and local governments, as part of the recent reforms linked to federalism. The poverty headcount ratio (at the international line of US\$1.90/day) is estimated at 8 percent in 2019, down from 15 percent in 2010. At a higher line (US\$3.20/day), 39 percent of the population is estimated to be poor in 2019. With the COVID-19 pandemic, the risk of falling into poverty has increased. About 31.2 percent of the population that are estimated to live between US\$1.9 and US\$3.2 a day face significant risks of falling into extreme poverty in 2020, primarily because of reduced remittances, foregone earnings of potential migrants, job losses in the informal sector, and rising prices for essential commodities as a result of COVID.

2. **The recent COVID-19 pandemic is expected to derail the strong growth trajectory established over the past three years.** GDP growth averaged 7.3 percent (between 2017 and 2019); and grew by 7 percent in FY19 supported by an uptick in tourist arrivals, strong agricultural growth from good monsoons and robust industrial growth due to increased electricity generation. On the demand side, the main growth drivers were private investment and private consumption, the latter supported by remittance inflows. In the first half of FY20 (mid-July to mid-January), agricultural growth slowed down with delayed monsoons and crop damage. In March 2020, stringent measures were imposed to contain the spread of COVID-19, including travel restrictions. This stopped tourist arrivals, leading to a significant reduction in hotel occupancy rates¹. With lower oil prices, remittance inflows are declining, impacting services growth. Lockdowns and social distancing measures have disrupted domestic distribution channels causing shortages of fertilizer, livestock feed, labor and transportation, all of which will further reduce agricultural growth in FY20. The restrictions on trade (limited to only essential goods) has disrupted supply chains in the manufacturing sector. Shortages in imports of building materials

¹ As of April 2020, the Hotel Association of Nepal estimated the hotel occupancy rates among its 270-members at below 10 percent.



and skilled labor have brought construction activity to a halt. Lower domestic demand has translated to lower consumption of electricity, gas and water, further reinforcing the slump in overall economic activity, with an estimated GDP growth rate of 2.3 percent in FY20. However, a widespread and protracted COVID-19 outbreak, with the attendant lockdowns and supply disruptions still has the potential to reduce GDP growth as low as 0.5 percent in FY20. In FY21, growth is expected to remain subdued at 2.1 percent. However, a widespread outbreak that extends into the high agriculture harvest and festival seasons, could cause GDP to contract by as much as 2.8 percent in FY21.

3. **Inflation averaged 4.5 percent year on year (y/y) in FY2019, but rose in the first half of FY2020, driven by higher food prices.** In FY2019, prices of non-food items grew by 5.8 percent, driven mainly by housing and utilities, while food prices rose only 3.1 percent due to good agricultural production. Inflation averaged 6.4 percent (year-on-year) in the first half of FY2020, driven by higher food prices (particularly vegetables) and increased import duties on certain agricultural and industrial goods. In March 2020, inflation reached 6.7 percent (year-on-year), primarily led by food prices because of disruptions in distribution channels. This widened the inflation gap with India and contributed to a 2.1 percent (real effective) appreciation of the Nepalese Rupee, over the first half of FY2020. The Nepalese rupee (NPR) is pegged to the Indian rupee (INR) at the rate of 1.6 NPR to one INR. As a result, inflation follows the price movements in India with a lag.

4. **The Nepal Communist Party led government is backed by a majority in Parliament which took office on February 15, 2018.** This follows successful elections for all three tiers (local, state and federal) of the new state architecture defined by the 2015 constitution, marking a protracted-but-successful conclusion of a political transition that began with the signing of the Comprehensive Peace Agreement in November 2006. State governments largely mirror the coalition at the center. At the sub-national level, funds, functions and functionaries hitherto managed by the central, district and village authorities are moving to the seven new provinces and 753 local governments for which new legislation, institutions and administrative procedures are being formalized as constitutionally prescribed. Meanwhile, the central level authority is being streamlined with a focus on national policies and oversight. This profound level of state restructuring is expected to result in improved outreach and service delivery in the medium term but is likely to take time before becoming fully operational.

5. **Nepal's youth bulge, an opportune moment to reap benefits of demographic dividend.** According to the definition provided by Government of Nepal (GON), people aged between 15 and 45 years are considered youth. Nepal is facing a *Youth Bulge* with significant shift in its demographics. According to 2011 Census, the number of people aged between 15-45 years is 12,095,150. This represents 45.6% of the population (CBS 2011). Nepal must make considerable efforts to provide appropriate skills and opportunities to these youth so that they can access higher earning jobs in order to reap benefits of demographic dividend. The failure to utilize this window will be detrimental to development of Nepal. There is a danger of current demographic dividend turning into demographic liability if not appropriately managed.

Sectoral and Institutional Context

6. **Nepal's higher education is catered by nine public universities with their constituent and affiliated campuses and by four health academies.** The education system beyond Grade 12 is considered higher education after phasing out of grades 11-12 to school sector during 2006/07-2015/16 (transition phase). The universities are linked to the Ministry of Education, Science and Technology, whereas the health academies are linked to the Ministry of Health and Population. The university affiliated campuses are of private and community based in nature.

7. **Higher education enrollment including female participation is increasing but with slow pace.** In academic year (AY) 2017/18, the higher education enrollment was 423,996 students (Bachelor: 86.02 % and Master 13.28 %) from 1,425 campuses – constituent:137, community: 508 and private: 780 with enrollment share of 32.41%, 30.29% and 37.30%



respectively. Tribhuvan University (TU) has the largest share (79%) of enrollment. The Gross Enrolment Rate (GER) has increased from 9.00% in 2008/09 to 14.02 % in 2017/18 (Male:14.9%, Female: 13.3%). Enrollments are very low compared with those in other countries in the region: India (26.9 percent), Malaysia (41.9 percent), Thailand (49.3 percent), and China (51.0 percent). There are also considerable inequities in access to tertiary education across income levels and provinces

8. **Affiliation of campuses by universities without proper mapping has resulted the emergence of many fringe campuses with limited students in non-STEM areas.** The affiliating universities are providing affiliation of new campuses without proper mapping, and many of affiliated campuses are functioning in the secondary school premise using the school's physical facilities in different shifts. This has partly helped for reduced operation costs as well as improved access of students to higher education including in lagging regions. However, quality of education in these campuses has been challenged as they are unable to afford better teaching-learning environment from their resources due to the scale of their economy.

9. **Poor alignment of higher education with labor market needs.** Enrollment is largely skewed towards non-STEM areas. Around 78% of total enrollment share is under three areas: Humanities and Social Sciences, Management and Education leaving only around 21.40% for Science and Technology including Medicine. In addition to this, while Nepal has been focusing for enhanced technical education in its recently developed vision and education policy² the share of technical education (Engineering, Agriculture/ Animal Science/ Fishery and Forestry) is below 8.2%, out of which the female share is below 21%. These enrollments in S&T are very low compared with those in other countries in the region: India (34.7 percent), Malaysia (42.7 percent), Thailand (33.9 percent), and Vietnam (35.3 percent). Further to this, there are considerable inequities in access to tertiary education across income levels and provinces.

10. **There is an increased demand of higher education for its increased wage premium in the job market.** Nepal Labor Force Survey 2017/18 shows that the wage premium for those completing higher education is 1.52 time more than that of secondary education. A supply of qualified and employable professionals can lead to increased opportunities for domestic and foreign investments in Nepal. Higher education, therefore, has a huge potential to best utilize the available youth bulge to contribute the country's ambition to graduate to a Middle-Income Country (MIC) by 2030 and its mission to attain the goal of 'Prosperous Nepal, happy Nepali' by 2043.

11. **Higher education is entertaining selected reforms, but with limited coverage.** Nepal has made good progress in some key reforms in higher education: (i) establishment of quality assurance and accreditation system of HEIs, (ii) start-up of performance-based financing of HEIs; (iii) initiation of autonomy of institutions and academic autonomy of programs; (iv) launching of competitive research funding with visible results in publications in refereed journals; (v) initiation of poverty targeted scholarship support to under-privileged students using Proxy Means Testing (PMT) approach and its mainstreaming in the school sector National Program as a best practice; (vi) excellence-based faculty recruitment/ promotion based on merits through global competition of Nepali experts. Some of the universities have passed the Autonomy Rules and TU with 79% of total HE enrollment is the front-runner. However, the coverage of the initiated reforms is limited. Only a small share of campuses and departments are actively involved in reforms. Around 60 institutions/departments have completed accreditation. While TU passed the Governance autonomy rule in 2006, and revised it including academic autonomy in 2015 and Mid-Western University passed the academic rule in 2019, only eight constituent campuses/ schools are entertaining governance autonomy and around 10 academic programs of seven campuses are exercising academic autonomy. Less than 1% under-privileged students (around 21,000) were benefited at Bachelor level in the last 10 years.

² Government plan is to increase the share of technical education to 70% beyond basic education, which entail Grades 9-12 and above.



12. **Affiliation system with centralized academic management system and outdated mode of teaching inhibits development of research and innovation capacity of a large portion of the faculty.** The practice of offering academic programs in multiple campuses due to centralized curricula and examination has made teaching to textbooks. 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. As a result, research and innovation capacity of the faculty of regular campuses is significantly weaker than that of central departments and central campuses. This system does not give space of regular campuses to excel. Most teachers do not get engaged in research to find out what is relevant to market needs and design instruction aligned with the market demand. The mode of teaching is ill equipped to prepare the work force with creativity. This has seriously compromised the quality and relevance with labor market needs.

13. **Weak governance, regulatory framework and accountability system are discouraging reform expansion.** TU has adopted Rules for establishment of center of excellences within TU. However, the procedures are cumbersome resulting to slow progress due to delayed decisions making. The weak accountability framework and political appointment of academic leadership underpinning the governance of universities and the higher education system in general has undermined achievement of outcomes – participation rate, share of STEM, research and innovation, and quality and relevance.

14. **Slow progress in Quality Assurance with insufficient focus on Quality Enhancement.** Quality Assurance and Accreditation (QAA) and global rankings are two tools used for assessment of quality of HEIs. The main purpose of QAA is to guarantee compliance with (minimum) standards and to support quality enhancement. And the purpose of most rankings is to identify best HEIs in terms of excellence [Wachter B. et al.2015]. To date out of over 1,425 HEIs only 60 have been accredited, and the QAA covers only campuses but not the universities, which control campus curriculum and examinations.

15. **Insufficient research and innovation.** Nepal's innovation capability is lower than that of lower middle-income Bangladesh, Vietnam, Sri Lanka and India, and upper-middle income Thailand, Malaysia and China (Schwab. K. 2018, Figure 1). Comparison of patents in force in Nepal with other countries indicates at the low level of innovation in enterprises. Nepal should strengthen innovation capability through articulation of suitable policies including broadening the scope of universities as suggested in OECD 2018.

16. **Public Financing is at low level. Higher education is financed by the government on a cost sharing basis.** In 2017/18, the public subsidy per student in constituent and community campuses amounted to around Rs.49 thousand and around 3 thousand respectively [UGC.2017/18]. Students in private campuses do not receive public subsidy. The cost sharing rate varies across universities and campuses. Public financing for higher education was 0.32 percent of the GDP in 2015 [MOF.2018]. This has been increased to around 0.45 percent in FY 2020. The large share of higher education financing is for teacher salary, leaving very little funds for quality teaching, research, development and innovation.

17. The COVID-19 pandemic has caused a severe disruption to higher education; however, universities in Nepal have been quick to initiate online learning to continue teaching with the support from HERP project. The novel coronavirus pandemic has closed campuses and is disrupting higher education in Nepal in myriad ways. Its negative impacts possibly include continued or repeated closure of campuses, increased drop-out of discouraged disadvantaged students, and the more challenging job market for graduates. In anticipation of such challenges, it is imperative for HEIs to have the ability and resilience to continue education and research under such circumstances. Since the nation-wide campus closure, Nepal's higher education has been internalizing the widespread acceptances that carefully implemented online learning would not only allow teaching to continue but also make university education more accessible, affordable, interactive, and student centric. Building on the global experience and limited local practices in the country, universities and



campuses are refreshing management strategies. They have switched their face-to-face program to online delivery soon after the nationwide lockdown was started from the second half of March 2020, spontaneously. The HEIs are using Zoom technology, Google classes, Facebook, Microsoft Team, Moodle and many other tools and platforms available at hand. MOEST/UGC in coordination with universities and the World Bank facilitated the process also creating an environment of peer learning. Technical Assistance is also being mobilized to facilitate the process. Simultaneously, universities have also endorsed regulatory framework to promote and streamline the online learning, and many of the faculty members have also undergone training in handling online programs.

18. The shift to the online mode of teaching is an opportunity to promote the digitization of higher education; still, a wide range of challenges persist in building the enabling environment and capacity. These challenges are: (i) lack of regulatory provisions with coverage of all aspect of distance learning mode including conduction of high-stake exams; (ii) digital connectivity and digital divide across geography and income groups, (iii) capacity constraint, and lack of training in digital pedagogy for effective use of digital content and providing student support; limited training, etc. There are valid expectations from MOEST/ UGC/ universities/ campuses that the distance modes would gain momentum with the accumulation of implementation experience. However, the above-noted challenges need to be addressed.

19. The project will intensify policy dialogue in fostering partnership among the three-tiered government, universities/academia, telecom service providers and Nepal Research and Education Network (NREN) for improved broadband connectivity. Policy dialogues are underway among the key stakeholders: UGC/ Universities/ Nepal Telecom, NCELL, NREN, business communities, representatives of internet service and online platform providers in close consultation with federal and provincial governments. This will help on how the NREN broadband connectivity available for about 22 institutions/ hospitals in Nepal could be extended further to provincial levels and down to individual institutions, teachers/ students. The established practice of the poverty targeted scholarship scheme in education will also be refined and extended to reach out to the underprivileged groups with available digital connectivity facility.

Relationship to CPF

20. The proposed project will directly support to Focus Area 3 (Inclusion and Resilience) by assisting in achieving objective 3.1 (Improved equity in access to quality education) of the Country Partnership Framework for the period FY 2018/19 – FY 2022/23. The poverty targeted scholarship for disadvantaged students will contribute to improved social protection which is objective 3.2 (Improved access to services and support for the well-being of the vulnerable groups) of the CPF. Thus, the proposed project is in line with CPF objectives and directions. The project would also contribute to Focus Area 1 (Public Institutions) by initiating reforms in public HEIs to improve service delivery and public accountability. Similarly, the project would also contribute to Focus Area 2 (private sector led jobs and growth) through research, human resource development and maximizing private financing for development. Finally, the project will contribute in achieving objectives of cross-cutting themes such as improving participation of females in higher education.

21. **Choice of instrument.** The concept review meeting discussed the proposed change in the lending instrument from IPF with PBC to PforR for strengthening the government's program to achieve results. The meeting requested the team to discuss the choice of instrument with the client and come back to the Chair of the meeting for a final decision. Based on the suggestion the team discussed with the government to assess the government capacity for both options, assessed all aspects of the preparation, made a comparison of the two options and further discussed with the CMU. Analyzing the pros and cons of two instruments, during the CMU meeting it was agreed that the PforR instrument will be a better option for the proposed project in support of the national program for higher education. The meeting also agreed to explore various alternatives to mobilize resources for capacity building.



C. Proposed Development Objective(s)

22. The Project Development Objectives are to strengthen market relevance and quality of higher education, boost collaborative research and innovation, and enhance equitable access for underprivileged and disaster affected groups.

Key Results (From PCN)

23. Measurable indicators towards the achievement of the PDO will be worked out in the following areas:
- (i) Improved employability and skills of graduates (e.g. market relevant autonomous curricula and soft skills)
 - (ii) Improved teaching and learning, and institutional management of higher education institutions (e.g. expanding excellence-based faculty recruitment, building faculty professional development system, strengthening ICT based teaching and learning centers, boosting institutional quality enhancement activities, enhancing leadership and management capacity of HEIs)
 - (iii) Improved regulatory provision and implementation of distance learning mode and research to respond to post-COVID environment (ICT strategy in higher education and universities regulatory framework encompassing all aspects of online teaching-learning processes in place and distance learning mode extended and consolidated, broad-band connectivity to provinces and universities established)
 - (iv) Enhanced collaborative research and innovation (e.g. collaborative research with industries and partners through competitive research grants, innovation and patenting, strengthening connectivity and networking)
 - (v) Increased access of underprivileged and disaster affected students (strengthening poverty targeted scholarship with focus on STEM and preference for women, and performance-based financing of institutions from lagging regions to promote improved share of students from underprivileged groups)
24. As per the suggestions from the peer reviewers and guidance in the concept review meeting, the team will tighten the *PDO and KPIs*, and identify indicators which are measurable, specifically, (i) ensure increased retention and timely graduation of students; and (ii) make the indicators time bound and achievable during project period. The team will also identify baseline and target values for the indicators during the project preparation.

D. Concept Description

25. The Project would support the government's Program and will structure the Key reforms in four Results Area under Component 1: Supporting Academic Excellence and Inclusive Quality Education, and Component 2: Project Management, Monitoring and Evaluation. The four results areas would be clustered around nine Disbursement Linked Indicators under Component 1 to achieve the PDO: (i) Results Area 1: Improved Teaching and Collaborative Research (DLI 1, DLI 2 and DLI 3); (ii) Results Area 2: Strengthening Governance and Financing of HEIs (DLI 4 and DLI5); (iii) Results Area 3: Widening Access to Quality Higher Education (DLI 6 and DLI 7); and (iv) Results Area 4: Improving and Extending Digital Connectivity (DLI 8 and DLI 9). The Component 2 will support Capacity Building, effective implementation, Monitoring and Evaluation of the Reform Component of the National Program. The implementation will be designed also considering the lessons learnt from the earlier projects in the sector.

26. As guided by the concept review meeting the team will further clarify the *scope and DLIs* on how the Government funds and the World Bank support (5.45%) coalesce into a coherent Higher Education development strategy. The team will revisit the different sets of proposed activities and DLIs to downsize the scope and ambition and make them more



realistic and will rationalize the DLI incentives to focus on key areas of priorities for the project's goals.

Component 1: Supporting Academic Excellence and Inclusive Quality Education (US\$ 55.00 million)

27. **Results Area 1: Improved Teaching and Collaborative Research (US\$ 27.00 million)** will support reforms associated with employability and skills of graduates in the job market, encouraging entrepreneurship and self-employment, and collaborative research & innovation. Competitively selected autonomous/ accredited higher education institutions (HEIs) will be supported for greater academic autonomy. The autonomous academic programs will be aligned with the regularly updated job market needs. Package of innovator seed fund to competitively selected students, recent graduates and/or faculty members will be awarded to encouraging entrepreneurship and self-employment. The package will include entrepreneurial training, legal training and support, financial education and training among other services. Curriculum development and delivery will be made as an integral part of academia-industry as well as inter-university collaboration. This results area will also support training of teachers to promote teaching excellence. Provisions will also be made for training of Master trainers for sustained teacher training. Development of training contents and materials both for face to face and online training and blending of their delivery arrangements will be made as per the needs, national and international practices and evolving demands of COVID -19 pandemic and beyond. Under this Results Area the project will also support collaborative research including academia-industry collaboration, innovation and patenting. Competitively selected academic institutions will also be supported to become Center of Excellence in the areas of teaching and research (excellence in teaching, research, services and internationalization of their programs) in areas of national priorities with additional focus on STEM. HEIs will also be supported for digital connectivity to promote excellence in teaching, research, and their internationalization also through virtual modes.

28. **Results Area 2: Strengthening Governance and Financing of HEIs (US\$ 15.00 million)** will support towards accelerating autonomy, quality assurance and accreditation (QAA) and quality enhancement (QE) of HEIs; transformation of accredited autonomous HEIs to deemed universities; performance grants for improved governance, quality and employability; and expansion of technical education tapping the potential of non-government sectors, especially focusing on accredited affiliated HEIs. The multiple areas of reforms will provide choices for the universities in different provinces to address their province-specific needs. The deemed universities will be supported with special packages of performance-based financing (PBF) in areas of provinces' priorities of development in coordination with and commitments from respective provinces. Under the PBF the HEIs will be encouraged in developing and implementing criteria for merit-based selection of their leadership, initiate faculty recruitment based on academic excellence; launching student centric teaching learning process including distance learning for community services, evaluation of teachers by students & peer assessment, student and faculty mobility, academia-employer collaboration in teaching learning and evaluation. Employability of graduates will be the integral aspects of performance grants. The Project will also support capacity building trainings for universities/campus managers/ principals, university managers and policymakers on recent global trends of academic management and their applicability in Nepal. This will facilitate the HEIs to adapt Nepal specific higher education reforms on policy and implementation fronts. The institutions will also be responsible for online monitoring the progress of the performance indicators including feedback collection from students, teachers and other stakeholders. Project will help to develop an App for such monitoring and reporting. To increase the low share of technical education, the project will support create conducive environment on policy and regulatory fronts for expansion of technical education also allowing accredited affiliated institutions to conduct such programs. This will leverage the contribution of non-government sectors in maximizing financing for development. The project will support in developing clearly defined guidelines including monitoring reporting arrangement to facilitate implementation. The project will also explore possibility of partnership with IFC and other development partners on this front.

29. **Results Area 3: Widening Access to Quality Higher Education (US\$ 8.00 million)** will extend support for equitable



access of underprivileged students to quality higher education, and PBF to HEIs in lagging provinces to promote equitable access. The poverty targeted scheme (Proxy Means Testing [PMT]) approach which has been in implementation in education sector will be used. Male students from the bottom two poorest quintiles and females from bottom three poorest quintiles will be supported with preference of S&T. This Results Area will also provide additional support to the HEIs from the lagging provinces in boosting their quality in close coordination/partnership with and commitment from the Provinces. Special arrangements would be worked out to attract quality human resources in the HEIs of these provinces, including in strengthening connectivity, conducting online courses, peer learning arrangements from other HEIs/ provinces, and sharing of resources for their efficient use. To promote exposure of the faculty members and students of the lagging regions the Project will also support these institutions for collaboration with universities and academia abroad for virtual learning and collaboration.

30. **Results Area 4: Improving and Extending Digital Connectivity (US\$ 5.00 million)** will support in improving the policy environment for ICT use; refurbishing HEIs hardware and networking facilities; and digitization of UGC and universities administration. This Results Area will also make additional focus towards strengthening and extending distance learning programs to address the lessons learned from the COVID-19 impacts. Building on the recently passed Nepal Education as well as Science, Technology and Innovation Policies 2019 this Results Area will support a new ICT strategy for the higher education sector, laying down the overall vision on the use of technology, possible strategies to leverage the expansion of the limited use of the available broad-band connectivity facilities in collaboration with the Nepal Research and Education Network (NREN). This facility will be widely used to develop blended education content, potential technology needs and the pedagogical models for blended learning; quality assurance and quality enhancement; and developing guidelines to facilitate research/ innovation/ patenting. Project will support to work out appropriate arrangements including restructuring the Steering Committee of the NREN with visible presence of the MOEST and other regulatory provisions and guidelines to facilitate collaboration to maximize the benefit from the available resources.

31. The project will support competitively selected HEIs to promote the digital connectivity in a cost sharing basis: (i) establishing/ extending connectivity with the global networking facilities mobilizing the existing NREN available resources/ facilities³; (ii) strengthening connectivity across the HEIs/ Schools/ Departments and agencies for visible academic partnership; (iii) connectivity within different divisions/ sections of each HEIs/ Schools/ Departments. The connectivity across HEIs and within the Department of each HEIs will be designed considering the research needs/ services to be provided by individual HEIs/ agencies. Additionally, it will also support UGC and the universities to enhance their digitization with coverage on resource planning to manage the university's human resources, finances and procurement tasks, student administration including the admissions, examination, alumni relations and student scholarship/aid functions. To act as pilot for implementation, UGC will work with TU and a recently established university in undertaking these reforms.

32. As per the concept review meeting guidance, the team will further strengthen the storyline and results area, including (i) combining/ reducing sub-results area; (ii) labor demand analysis of new or revised academic programs before their implementation; (iii) the rationale for establishing Centers of Excellence towards increased innovation and patents; (iv) a focus not only the issue of "access", but also "retention" and "timely graduation; (v) further alignment with the context of federalism; and (vi) lessons learned from the earlier operations within Nepal as well as regionally. The narrative on digital connectivity support and its use will also be further strengthened. This will include the "people" part of the digital development agenda: training of technicians to maintain and improve the infrastructure, training of academic staff to teach within the digital context as effectively as possible, supporting the use of learning science in digital delivery,

³ The available Trans-Euresia Information Network (TEIN) with high bandwidth and being managed by the NREN would be the backbone for global connectivity. At present 22 institutions largely from Kathmandu Valley are connected with and utilizing the TEIN



providing students with learning opportunities via digital media. The *gender related actions* will also be integrated to address identified gender gaps.

Component 2: Project Management, Monitoring and Evaluation (US\$ 5.00 million)

33. Component 2 will support the MOEST, UGC and subsidiary implementing agencies in strengthening their core functions of regulation, capacity building, and funding of Nepal’s higher education sector through strategic and targeted Technical Assistance. It will support the implementation of all Results Area of Component 1 and for the achievement of results and DLIs/ DLRs. This component will also support strengthening Higher Education Management Information System. Support will be provided also for capacity building, program management and M&E, including undertaking or commissioning of studies, allow provinces to undertake or commission studies (including tracer studies, satisfaction surveys) under this component. This component will also support in developing/updating regulations of higher education, specifically affiliating universities to strengthen their examination system, criteria for the award of academic autonomy to accredited HEIs including granting Government’s research and support funding, and independently recruiting/ promoting faculty members based on academic excellence. This component will also (i) help universities to devise marketing, outreach and donor recognition plans; (ii) design and execute a comprehensive capacity building program for universities to develop and implement fundraising and income generating activities, including the development and execution of medium/long term (5-10 years) strategic plans.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

34. The project has been developed to strengthen the market relevance and quality of higher education, boost collaborative research and innovation, and enhance equitable access for underprivileged groups. The proposed project fully aligns with the government development priorities and strategies at the higher education sector in Nepal. The proposed project will support competitively selected higher education institutions and be implemented in all seven provinces of the country. However, at this preparatory stage, the specific project locations and institutions are not yet known. The Ministry of Education, Science and Technology (MOEST), the University Grants Commission (UGC) and its subsidiary implementing agencies, universities, students, faculty members associated with the universities in all seven provinces will be the project beneficiaries. The project is expected to support reforms associated with the employability, skills and entrepreneurship of graduates in the job market and widening equitable access to quality higher education to underprivileged students and in lagging provinces. It is envisioned that under the project, minor civil works like annex buildings, laboratories, rehabilitation and upgrading of existing buildings etc. will be supported. In addition, support will be provided to the institutions in improving and extending digital connectivity and purchase of digital equipment. Solid waste management is an issue in the country and there is no separate policy on e-waste management. Despite increasing female participation in enrollment in higher education, disparities remain in learning outcomes across geographical locations, income levels, ethnicity and caste, and between public and private schools.

Borrower's Institutional Capacity

35. The MOEST and UGC will be the main project implementing agencies. Both these institutions have prior experience of implementing World Bank supported higher education projects and compliance of environment and social policies.



However, the E&S risk management capacity in the sector remains weak. As this will be the first operation of MOEST/ UGC under the Bank's new ESF, considerable support on environmental and social risk management measures and preparation of ESF instruments is required. Borrower's capacity to manage the E&S risks will be specifically assessed during the project preparation and capacity building program will be developed and implemented as part of this project aimed at building capacity at federal and provincial levels. The environment and social risk at this stage is rated as "Moderate".

Decisions of the concept review meeting

36. The team was authorized to proceed with preparation, with the indicative IDA financing size of US\$ 60 million. The proposed overall risk rating and environment and social risk ratings at the concept stage are appropriate. The project preparation will have a regular Decision Review meeting before the appraisal.

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APPROVAL

Task Team Leader(s):	Mohan Prasad Aryal, Shiro Nakata, Tazeen Fasih
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Approved By

Practice Manager/Manager:		
Country Director:	Lada Strelkova	24-Aug-2020
