



Policy Goals for Independent Private Schools (Institutional Schools)

Status

1. Encouraging Innovation by Providers

Central government has the legal authority to set minimum standards for teachers, determine how the curriculum is delivered, and establish class sizes. Schools have the legal authority to appoint, deploy, and dismiss teachers without review by central authorities. Schools also have authority to determine teacher salary levels, within central guidelines.



2. Holding Schools Accountable

Government sets standards for what students need to learn, by when, and how well. Board exams are administered annually, although with limited standardization over time. Government requires schools to undergo a standard term inspection, but no standard inspection report format exists. Sanctions include additional monitoring, fines, and as a final measure, school closures.



3. Empowering All Parents, Students, and Communities

Regular information is provided to parents on standardized exam results. Student or parents are interviewed as part of the inspection process. While the government does not provide tax subsidies or cash transfers, the private sector is legally required to provide some subsidized education services for low-income students through scholarships.



4. Promoting Diversity of Supply

Certification standards that are not linked to education outcomes restrict market entry, including facilities, assets, and proximity to other schools. Registration guidelines are made public by multiple sources. Government does not set standardized tuition fees but imposes caps. The government allows all of the following organizational types to operate schools: community, not for profit, faith based, and for profit. Schools are able to operate while paying two to three types of fees.



Policy Goals for Government-Funded Non-State Schools (Community Schools)

Status

1. Encouraging Innovation by Providers

Central government has the legal authority to set minimum standards for teachers, determine how the curriculum is delivered, and establish class sizes. Legal authority to appoint, deploy, and dismiss teachers, as well as set teacher salary levels, is divided between central authorities and schools: central authorities have authority over teachers provided by the government, and schools, for privately hired teachers. Schools have legal authority over the management of school operating budgets, within central guidelines.



2. Holding Schools Accountable

Government sets standards for what students need to learn, by when, and how well. Board exams are administered annually, although with limited standardization over time. Government requires schools to undergo a standard term inspection, but no standard inspection report format exists. Sanctions include additional monitoring, fines, and as a final measure, school closures. Government requires schools to report on the use of public funds as a condition of continued funding during a standard term.



3. Empowering All Parents, Students, and Communities

Regular information is provided to parents on standardized exam results. Student or parents are interviewed as part of the inspection process. Schools are allowed to select students based on academic performance or geography. Parental choice is restricted by voluntary monetary parent contributions.



4. Promoting Diversity of Supply

Certification standards that are not linked to education outcomes restrict entry. Registration guidelines are made public by multiple sources. The government allows community, not-for-profit, and faith-based providers to operate schools. Schools are able to operate while paying one type of fee. Academic operating budgets are not equivalent to per-student amounts in government-funded schools, nor is start-up funding available. Schools receive information on the allocations to be transferred to them between one and three months before the start of the academic year.



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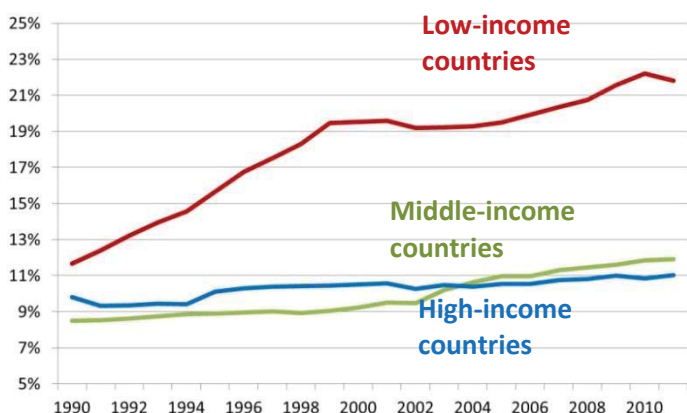
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Introduction

In recent years, private sector engagement in education—which includes a vibrant mix of non-profit, for-profit and faith-based organizations—has grown significantly around the world. **In the last two decades, the percentage of students in low-income countries attending private primary schools doubled, from 11 percent to 22 percent** (figure 1). This growth in private provision is closely connected to the boom in access that has taken place in low-income countries over the same two decades: primary net enrolment increased from 55 percent to 80 percent between 1990 and 2010.

As countries redouble their efforts to achieve learning for all at the primary and secondary levels, the private sector can be a resource for adding capacity to the education system. By partnering with private entities, the state can provide access to more students, particularly poor students who are not always able to access existing education services (Pal and Kingdon 2010; Patrinos, Barrera-Osorio, and Guáqueta 2009; Hossain 2007). Additionally, evidence shows that governments have been successful at improving education quality and student cognitive outcomes in many countries through effective engagement with private education providers (Barrera-Osorio and Raju 2010; French and Kingdon 2010; Barrera-Osorio 2006).

Figure 1. Private enrolment as a percentage of total primary enrolments, by country income level



Source: Baum et al (2014).

This report presents an analysis of how effectively the current policies in Bangladesh engage the private sector in basic (primary and secondary) education. The analysis

draws on the Engaging the Private Sector (EPS) Framework, a product of the World Bank's Systems Approach for Better Education Results (SABER). SABER collects and analyzes policy data on education systems around the world, using evidence-based frameworks to highlight the policies and institutions that matter most for promoting learning for all children and youth.

SABER-EPS research in Nepal found that despite impressive gains in enrolment and gender parity at the primary level, access to post-primary schooling remains low, and ensuring equity in education remains a challenge. Learning outcomes stand to improve across the education system. School providers in Nepal include institutional schools, which are private, and community schools that receive government funding. Detailed information on institutional and community schools are provided in this report. Families have increasingly chosen to enroll children in private institutional schools. Based on a review of existing policies, SABER-EPS offers the following recommendations for Nepal to enhance private sector engagement in the education system to meet the challenges of access, quality, and equity:

- 1) Improve the regulatory environment to support a greater supply of post-primary schools in underserved areas.
- 2) Strengthen accountability measures, including the regular collection and dissemination of comparable information on school performance, while increasing school autonomy.
- 3) Consider providing additional support to poor and marginalized students attending independent schools and post-primary schooling.

The rest of the report provides an overview of SABER-EPS, followed by a description of the basic education system in Nepal, with a focus on the private sector and government policies related to the private provision of education. The report then benchmarks Nepal's policy environment utilizing the SABER-EPS Framework, and offers policy options to enhance access and learning for all children in primary and secondary school.

Overview of SABER-Engaging the Private Sector

In many countries, the extent and activity of the private sector in education is largely undocumented and unknown. SABER-EPS is working to help change that. SABER-EPS assesses how well a country's policies are oriented toward ensuring that the services of non-state providers promote learning for all children and youth.

The aim of SABER-EPS is not to advocate private schooling. The intention is to outline the most effective evidence-based policies specific to each country's current approach toward non-state provision of education. SABER-EPS assesses the extent to which policies facilitate quality, access, and equity of private education services. Data generated by SABER-EPS can further the policy dialogue and support governments in engaging private providers to improve education results.

Four policy goals for engaging the private sector

SABER-EPS collects data on four key policy areas that international evidence has found effective for strengthening accountability mechanisms among citizens, policymakers, and providers (box 1). These policy goals were identified through a review of rigorous research and analysis of top-performing and rapidly improving education systems.

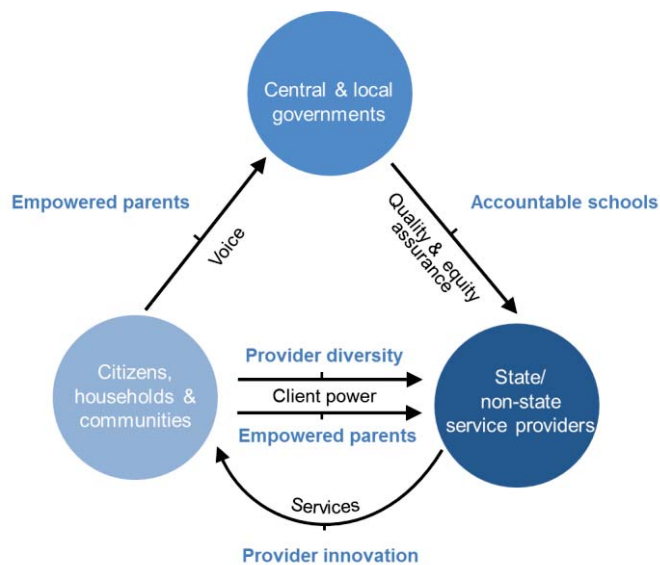
The four policy goals enable a government to increase innovation and strengthen accountability among the critical actors in an education system (figure 2). Empowering parents, students, and communities enhances the ability of parents to express their voice and hold policymakers accountable for results. Additionally, when parents are empowered, in most contexts, they can have greater influence over provider behaviors. Increasing school accountability strengthens the quality- and equity-assurance mechanisms between the state and education providers. Encouraging innovation and promoting diversity of supply can allow providers to respond to local needs. Increasing school-level autonomy in critical decisions improves the services provided to students. Allowing a diverse set of providers to enter the market can increase client power and enable citizens to choose from a wider range of models. By developing these policy goals, a government can improve the accountability of all providers in an

education system and, subsequently, have a positive impact on educational outcomes.

Box 1. Key private sector engagement policy goals

1. **Encouraging innovation by providers.** Local decision making and fiscal decentralization can have positive effects on school and student outcomes. Most high-achieving countries allow schools autonomy in managing resources (including personnel) and educational content. Local school autonomy can improve the ability of disadvantaged populations to determine how local schools operate.
2. **Holding schools accountable.** If schools are given autonomy over decision making, they must be held accountable for learning outcomes. Increases in autonomy should be accompanied by standards and interventions that increase access and improve quality. The state must hold all providers accountable to the same high standard.
3. **Empowering all parents, students, and communities.** When parents and students have access to information on relative school quality, they can have the power to hold schools accountable and the voice to lobby governments for better-quality services. For empowerment to work equitably, options for parents and students should not depend on wealth or student ability.
4. **Promoting diversity of supply.** By facilitating market entry for a diverse set of providers, governments can increase responsibility for results, as providers become directly accountable to citizens as well as to the state.

Figure 2. Relationships of accountability for successful service delivery



Source: Adapted from the World Bank (2003).

SABER-EPS recognizes that the four policy goals outlined in box 1 can assist governments in raising accountability for the education services provided in their countries. The tool allows governments to systematically evaluate their policies and implement practices that are effective across multiple country contexts.

Four types of private provision of education

Across the world, governments can implement numerous strategies to improve educational outcomes by supporting non-state education provision. SABER-EPS benchmarks key policy goals across the four most common models of private service delivery:

1. Independent private schools: schools that are owned and operated by non-government providers and are financed privately, typically through fees.
2. Government-funded private schools: schools that are owned and operated by non-government providers, but receive government funding.
3. Privately managed schools: schools that are owned and financed by the government, but are operated by non-government providers.
4. Voucher schools: schools that students choose to attend with government-provided funding; these schools can be operated by the

government or non-government providers or both, depending on the system.

SABER-EPS analyzes laws and regulations to: (1) identify the types of private engagement that are legally established in each country and (2) assess each education system's progress in achieving the four policy goals. **The aim of the SABER-EPS Framework is to provide policy guidance to help governments establish strong incentives and relationships of accountability among citizens, governments, and private education providers, with the goal of improving education results.**

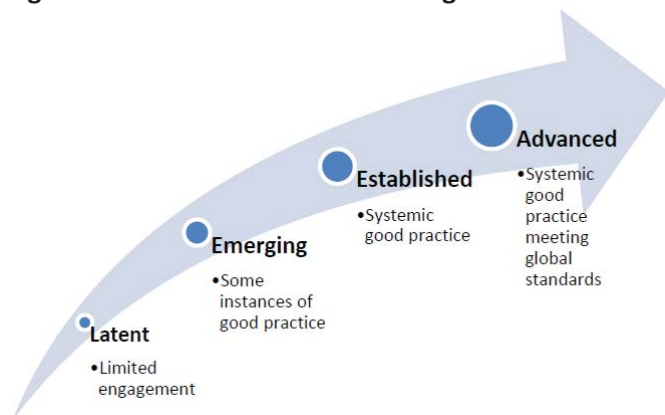
Benchmarking Education Policies: The SABER-EPS Methodology

The World Bank has developed a set of standardized questionnaires and rubrics for collecting and evaluating data on the four policy goals for each type of private school engagement established in a given country.

The policy goals are benchmarked separately for each type of private engagement. A point of emphasis here is that **these tools only assess official and established policies governing private education provision. Additional tools determine on-the-ground implementation of these policies.** The SABER-EPS information is compiled in a comparative database that interested stakeholders can access for detailed reports, background papers, methodology, and other resources; the database details how different education systems engage with the private sector.

For each indicator associated with the respective four policy goals, the country receives a score between 1 and 4 (figure 3), representing four levels of private sector engagement: 1 (latent), 2 (emerging), 3 (established), or 4 (advanced).

Figure 3. SABER rubric benchmarking levels



Source: Baum et al. (2014).

The overall score for each policy goal is computed by aggregating the scores for each of its constituent indicators. For example, a hypothetical country receives the following indicator scores for one of its policy goals:

- Indicator A = 2 points
- Indicator B = 3 points
- Indicator C = 4 points
- Indicator D = 4 points

The hypothetical country's overall score for this policy goal would be: $(2+3+4+4)/4 = 3.25$. The overall score is converted into a final development level for the policy goal, based on the following scale:

Latent:	1.00 – 1.50
Emerging:	1.51 – 2.50
Established:	2.51 – 3.50
Advanced:	3.51 – 4.00

The ratings generated by the rubrics are not meant to be additive across policy goals. That is, they are not added together to create an overall rating for engaging the private sector.

Use of the SABER-EPS tool

SABER-EPS is not intended to be used as a prescriptive policy tool, but rather, as a tool to generate an informed assessment of a country's policies vis-à-vis current knowledge about effective approaches. The results of this benchmarking exercise serve as a good starting point to discuss potential policy options that could be considered, based on the nuances of the local context and national education system. Education systems are likely to be at different levels of development across indicators and policy goals. While intuition suggests it is probably better to be as developed in as many areas as possible, **the evidence does not clearly show the need to be functioning at the advanced level for all policy goals.** National education priorities lay at the center of recommended policy options; countries may prioritize higher levels of development in areas that contribute most to their immediate goals.

For more information on the global evidence underlying EPS and its policy goals, see the SABER framework paper, *What Matters Most for Engaging the Private Sector in Education* (Baum et al. 2014).

Education in Nepal

Effects of the 2015 earthquake have and will continue to impact the education sector

In April and May 2015, major earthquakes and aftershocks caused widespread destruction in Nepal. Early estimates show that an additional 3 percent of the population has been pushed into poverty, which is as many as one million people (World Bank 2015). Damages and losses have been catastrophic, estimated at around US\$7 billion. A slowdown of the economy and recovery projects due to the earthquakes will inevitably continue to affect the education sector in the following years (Nepal 2015).

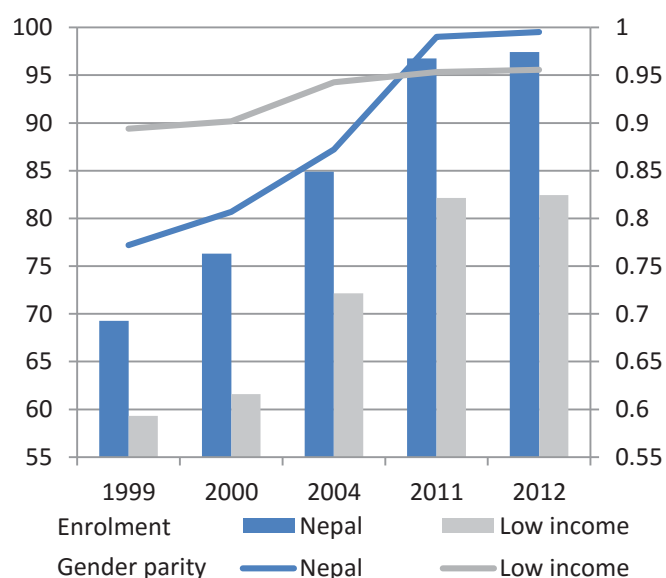
Despite limited resources and political instability, Nepal has made impressive progress in education outcomes in the past two decades

Nepal is a low-income country in South Asia. GDP per capita was US\$ 690 in 2012, making the country one of the poorest in the region. Nepal has a population of 26.5 million, of which 25 percent live under the national poverty line according to the National Living Standards Survey 2010/11 (Nepal 2011). Nearly 40 percent of the population is under the age of 15. The past decade has been one of political instability and transition in Nepal. The country emerged from a decade-long armed conflict between the government and the Maoist Party in 2006, and in 2008 transitioned from being a constitutional monarchy to a republic (World Bank 2009).

Despite the conflict and subsequent transition period, Nepal has shown impressive progress in education outcomes. The net enrolment rate in primary education increased from 69 percent in 1999 to 95.5 percent in 2013 (Nepal-Department of Education 2014). The increase was driven by expansion in underserved areas in the mountains as well as in the Tarai, a region that stretches the length of the southern border. Nepal's success in improving enrolment from an international comparative perspective is shown in figure 4. The gender parity index in primary enrolment rose from 0.77 to 0.99 from 1999 to 2012, surpassing the average for low-income countries (figure 4). The overall adult literacy rate increased from 36 percent in 1995 to 57 percent in 2010 (Nepal 2011).

These gains in educational access and attainment vary by educational level and significant challenges remain, especially in terms of equity and efficiency, as elaborated in the following sections. The education cycle in Nepal consists of four levels: primary, lower secondary, secondary and higher secondary, covering grades 1–5, 6–8, 9–10, and 11–12, respectively. Entry into grade 1 is recommended for 5-year-olds. Under the current School Sector Reform Plan, school cycles are being revised to include only two cycles: basic and secondary schooling, covering grades 1–8 and grades 9–12, respectively (World Bank 2009).

Figure 4. Primary net enrolment rate and gender parity index for primary school in Nepal, 1999–2011



Source: EdStats; World Bank (2014).

Nepal currently provides free primary education and has a policy goal of free secondary education

Nepal provides free primary education to all children. The School Sector Reform Plan for 2009–15 outlines the following on primary education costs:

“The free basic education provisions include cost-free services for admission, textbooks, tuition, and examinations. Community, under the aegis of existing laws and bylaws, will continue to mobilize additional resources required for quality enhancement.” (Nepal 2009, Page 14).

At the secondary level, the School Sector Reform Plan envisions moving gradually to free secondary provision. Although the initial goal of providing free secondary by

2015 was not met, the reform plan lists the following key aspects of this goal:

1. Free secondary education will include at least free admission and tuition fees.
2. Textbooks and curricular materials will be made available on subsidized terms.
3. A special incentive package to promote access, participation, and completion of secondary education for the children from disadvantaged families will be introduced.
4. Partnerships with private providers to safeguard access to secondary education will be promoted.

Although lower secondary and secondary enrolments have increased, access to post-primary schooling remains a challenge

In 2013, more than 2.7 million children were enrolled at the lower secondary and secondary levels in Nepal, of which two-thirds were in lower secondary and the remaining third in secondary (Nepal-Department of Education 2014). Net enrolment in lower secondary (grades 6–8; ages 10–12) grew from 43 percent in 2001 to 72.6 percent in 2013, while that in secondary (grades 9–10; ages 13–14) increased from 30 to 54.9 percent during the same period (Nepal-Department of Education 2014). Nepal’s School Sector Reform Plan 2009–15 set a target for net enrolment in basic education (grades 1–8) of 85 percent and for the survival rate to grade 8 at 66 percent (Nepal 2009); both of these goals have been achieved.

Access to secondary schools continues to be more restricted than to primary schools: the Nepal Living Standards Survey 2010/11 indicates that while 95 percent of households are within 30 minutes of the nearest primary school, only 56 percent are within the same reach of a secondary school (Nepal 2011).

Despite substantial progress in the provision of schooling services, challenges remain—particularly with regard to efficiency and equity

Though the Government of Nepal has made considerable progress in improving education outcomes, the country still faces challenges, particularly with regard to efficiency and equity. Firstly, drop-out and repetition rates are high. Secondly, more than 140,000 primary-school aged children are still out of school (Nepal-

Department of Education 2014). Thirdly, equity is a concern due to the inferior access of poor students to education.

In 2013, more than 7 percent of children dropped out after grade 1, and 17.5 percent repeated the grade (Nepal-Department of Education 2014). The overall primary school dropout rate in the same year was nearly 4.7 percent. In the Nepal Living Standards Survey of 2010/11, among all 6–24-year-olds surveyed who had dropped out of school at some point, 25 percent cited “poor academic progress” as the reason for dropping out and 22 percent replied, “Help needed at home.” Although some children drop out of school to move away with their family (17 percent), in 7 percent of cases the “parent did not want” the child to be in school and in 6 percent of cases, schooling was “too expensive” (Nepal 2011).

The more than 140,000 primary school-aged children who are out of school represent 4.4 percent of the primary school-aged population (Nepal-Department of Education 2014). Of the 6–24-year-old age group, 9 percent have never attended school (Nepal 2011), the reasons for which are shown in table 1. For only 3 percent of children, school was too far away, and for just 7 percent, the costs of schooling were the primary reason for non-attendance. However, the two most common reasons, “help needed at home” and “parents did not want,” may also reflect an economic opportunity cost beyond the direct costs referenced by school being “too expensive.”

Table 1. Reasons for never attending school in Nepal, 2010–11

Reason	Share out of never-attendeess
Parents did not want	30 %
Help needed at home	26 %
Not willing to attend	17 %
Too expensive	7 %
Too young	7 %
Other reasons, including no school	7 %
School far away	3 %
Disabled	3 %

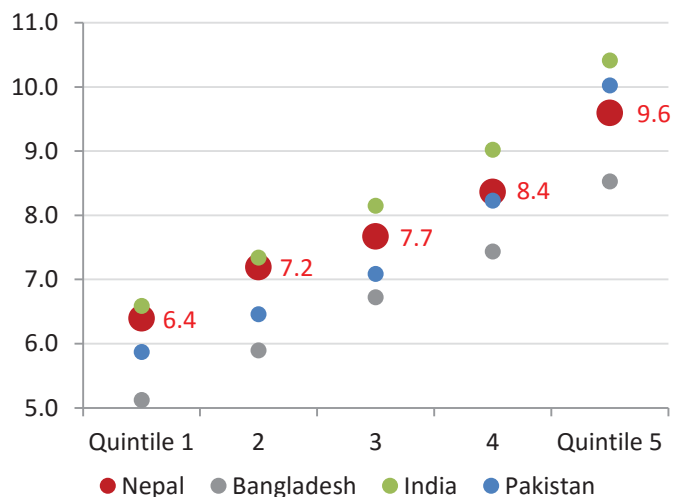
Source: Nepal (2011).

In addition to concerns regarding internal efficiency and out-of-school children, Nepal still faces the challenge of ensuring equity in education. The impact of household

wealth on access to education is clearly seen in the overall amount of schooling that children receive. In primary education, the difference in the net attendance rate between the poorest and wealthiest households is less than 6 percentage points (the poorest attended at a rate of 76.8 percent; the wealthiest, at a rate of 82.1 percent in 2010, as per the National Living Standards Survey (World Bank 2013). However, looking at the overall years of schooling completed, students from the poorest households finished 3.2 fewer years than their wealthiest peers (figure 5). Inequities persist partially due to the significant contribution that parents and communities continue to make to overall education spending, especially at post-primary levels (World Bank 2009). The inequities may also reflect differences in access to secondary schools across income quintiles.

In a regional comparison, Nepal has a slightly more equitable schooling distribution than its neighbors: the difference in the average years of schooling completed between the poorest and wealthiest quintile is 3.2 years in Nepal, 3.4 years in Bangladesh, 3.8 years in India, and 4.2 years in Pakistan (figure 5).

Figure 5. Average years of schooling for children aged 15–19 by household wealth in Nepal, Bangladesh, India, and Pakistan (various years*)



Source: EdStats; World Bank (2014).

* All data from demographic and household surveys: Nepal (2011), Bangladesh (2007), India (2005), Pakistan (2006).

Public spending on education in Nepal is above average for both South Asia and low-income countries worldwide

As a share of GDP, Nepal spent 4.3 percent on education in 2010–11, up from 3.1 percent in 2003–04 (World Bank 2013). This surpassed average spending in South Asian countries (2.8 percent of GDP), as well as that of low-income countries (4.2 percent of GDP) in 2010 (Edstats). Government spending on education previously accounted for 16 to 17 percent of the total annual government budget, according to ministry data (World Bank 2013), but this amount has decreased in recent years to around 14 percent.

Systematic measurement of learning achievement in Nepal is lacking

Nepal has not participated in international learning assessments to date. In 2011, the Ministry of Education conducted the National Assessment of Student Achievement (NASA) for 8th graders, which was the country’s first large-scale national assessment exercise. Students were tested in Nepali, mathematics, and social studies, with results indicating weak student performance. There was also significant disparity by student characteristic; although performance between boys and girls was largely comparable, there was significant variation between rural and urban areas, across regions, and between government and privately funded schools (World Bank 2013).

Education Providers in Nepal

Nepal has two main types of education providers: community schools and institutional (private) schools

The Seventh Amendment (2001) to the Education Act of 1971 provides a legal foundation for two types of basic education schools in Nepal: community and institutional schools. Community schools are eligible for regular government grants, while institutional schools are not. That is, community schools are considered public and institutional schools, private organizations.

In 2001, all public schools were renamed community schools and the responsibility for their management was given to school management committees (SMCs) (World Bank 2009). An SMC consists of a group of elected parent and community representatives, one teacher, the headmaster, and a person from the school founders or donors. Community schools are differentiated by the level of government support they receive (fully aided or unaided) and by whether or not they have been formally devolved to the community (referred to as community-managed schools), as explained in detail below.

Institutional schools are classified into two types: trusts and companies. Trusts are run on a non-profit basis and companies are allowed to make a profit while delivering education services. In addition to community and institutional schools, traditional religious schools also operate in Nepal, including *madrassas* (Islamic), *gumbas* (Buddhist), and *gurukuls* (Hindu) (World Bank 2009).

The share of enrolment in institutional schools has more than tripled since 1995

According to the Nepal Living Standards Survey of 2010/11, 72 percent of all students enrolled in school attend community schools (see table 2). Another 27 percent of students attend institutional schools (company and trust schools). This is a significant change from 15 years previously, when nearly 90 percent of students attended community schools. Participation in institutional schools increased from 9 percent to 27 percent over this time (see table 2).

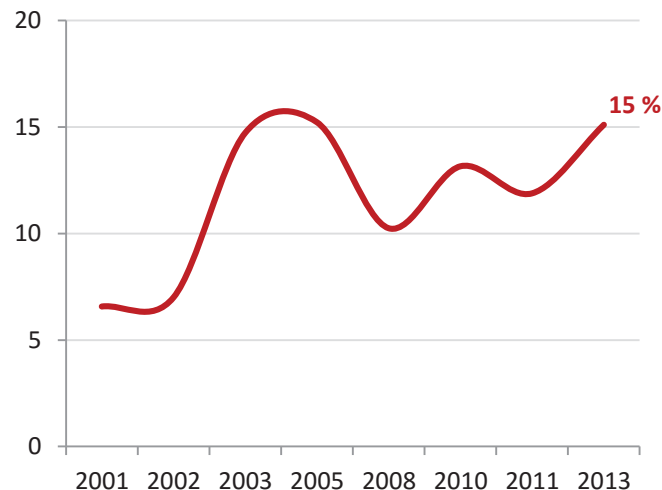
Table 2. Share of total basic education enrolment by type school in Nepal over time (percentage)

	1995/96	2003/04	2010/11
Community schools	89.7	81.6	71.9
Institutional schools	8.5	16.7	26.8
Other types of schools, including religious	1.9	1.7	1.2

Source: Nepal (2011).

In the primary subsector, around 85 percent of students were enrolled in community schools in 2011, while about 15 percent were enrolled in institutional schools (figure 6). Recent data on enrolment at the secondary level are unavailable, but in 2011 institutional schools accounted for 26 percent of the total number of schools offering secondary-level education (World Bank 2013), indicating that institutional schools play a larger role at the secondary than at the primary level.

Figure 6. Share of total primary education enrolment in institutional schools in Nepal, 2001–2013 (percentage)



Source: EdStats; World Bank (2014).

Poor households are not able to access education at institutional schools to the same extent as wealthier households

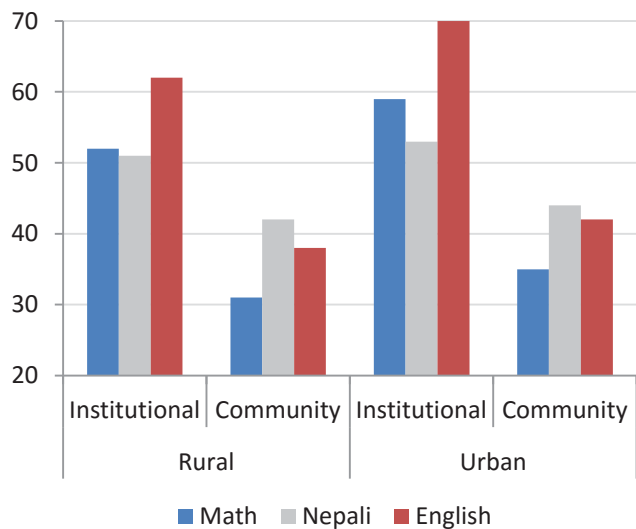
Institutional schools are more accessible to wealthier and urban households. The Nepal Living Standards Survey 2010/11 indicates that about 60 percent of students from the wealthiest quintile are currently attending institutional schools, compared to only 6 percent of students from the poorest quintile. In urban

areas, more than one half of students attend institutional schools, while the proportion in rural areas is only 20 percent (Nepal 2011).

Students in institutional schools have outperformed their peers in community schools in the past

There is some data to suggest that at least in the past, students in institutional schools have outperformed their peers in community schools. Data from 2004 indicates that 10th graders in institutional schools performed significantly better than their peers in community schools in math, Nepali, and English in both urban and rural areas (figure 7). Students in urban institutional schools also outperformed their peers in rural institutional schools. Similar findings are seen in performance data for other years and across school grades.

Figure 7. Student Performance, Nepal School-Leaving Certificate (SLC) Exam, 2004



Source: Adapted from Dundar et al. (2014).

Note: The SLC exam is administered in grade 10.

Classification of Schools in Nepal Using the SABER Framework

Despite Nepal's successes in increasing educational access and attainment, enrollment at the secondary level remains low and challenges of efficiency and equity in the educational system persist. Families have increasingly chosen to enroll children in private institutional schools and there is evidence of better student performance at those schools. This suggests that there may be opportunity to consider how to apply the SABER-Engaging the Private Sector policy goals of encouraging innovation; holding schools accountable; empowering all students, parents, and communities; and promoting diversity of supply to improve outcomes of the education system as a whole.

As a first step, schools in Nepal must be classified using the SABER-Engaging the Private Sector typology in order to apply the policy analysis framework described in the introduction. Institutional schools are classified as "independent private schools" as they are privately owned, operated, and financed. Community schools in Nepal are considered public; but they have a devolved management structure and are only partially funded by the state, indicating that the SABER framework and policy goals for non-state schools may have relevant lessons. Community schools are therefore included in the analysis and classified as "government-funded non-state schools," using the SABER classification, as explained further below.

Independent private schools are owned and operated by non-government providers and are financed privately, typically through fees. In Nepal, the following types of schools are classified as independent private schools under SABER-EPS:

Company schools. Company schools are the most common type of institutional school in Nepal. They are for-profit schools that do not receive any support from the government. They are required to pay income and service taxes to the government.

Private trust schools. Private trust schools (which are also considered institutional schools in Nepal) are not-for-profit organizations, owned and managed by a private board of trustees. They are eligible to receive one-time support from the government in the form of a waiver on registration fees and collateral for obtaining an operating license, and some have received government land grants in the past; but these schools do not receive regular government support. Very few schools are registered as private trust schools in Nepal.¹

International schools. There are two types of international schools in Nepal, which are classified as independent private schools. There are few such schools, and they are not considered traditional institutional schools in the Nepali context:

- Schools established in affiliation with foreign schools/colleges (such as schools providing International Baccalaureate, Cambridge O and AS Levels, Indian CBSE, etc). These schools are regulated by the Government of Nepal, and must seek affiliation permission directly from the Ministry of Education, which has the legal authority to monitor and inspect such schools.
- Schools operated by diplomatic missions through direct agreement with the government, primarily for children of employees. These schools are not regulated by the Government of Nepal and do not follow the national curricula and academic calendar.

Government-funded non-state schools ² (including community schools)

Government-funded non-state schools are schools that are owned and operated by non-government providers, but receive regular government funding. In Nepal, the following types of schools are classified as government-funded non-state schools under SABER-Engaging the Private Sector:

Community schools. These schools are established and operated by the community and receive regular government grants to cover operating costs. These grants do not cover the full expenses of the schools,

¹ Examples of private trust schools include L.R.I. School in Kathmandu and DAV Sushil Kedia School in Lalitpur.

² The global SABER-EPS framework uses the term "government-funded private schools," but "nonstate" rather

than "private" is used in the Nepali context, given the particular case of community schools.

however, and additional resources must be provided by the community. All community schools are eligible for scholarships for girls and disadvantaged students to help offset some of these additional costs. Community schools are managed by a SMC that has authority over the appointment of some teachers, resource generation, as well as the formulation, approval, and execution of the school budget. SMCs are elected by the parents' assembly. The vast majority of schools in Nepal are community schools.

There are different types of community schools:

1. Some community schools have been approved for permanent teacher quotas in addition to government grants for other teaching staff and operating costs. These are referred to as "aided community schools." The remainder of community schools still receive grants for temporary teachers and other operating costs, but do not have official permanent teachers and are referred to as "unaided community schools."
2. Some community schools (about one-third) have been formally devolved to local communities and are referred to as "community-managed schools." All community-managed schools are aided. Other schools that have not been formally devolved are referred to simply as "community schools" regardless of whether they are aided or unaided.

Religious schools. These schools are affiliated with a religion and include *gurukuls* (Hindu), *gumbas* (Buddhist), and *madrassas* (Islam). Since 2008, the government has implemented a policy of mainstreaming such schools, whereby religious schools are eligible to receive grants for following the national curricula and using nationally approved textbooks.

Other non-classified schools. There is an additional type of school in Nepal known as public trust schools. These are not-for-profit schools that are owned and managed by a public board of trustees with Ministry of Education representation. They are considered institutional schools in Nepal, but they do not fit the SABER-EPS "independent private school" classification because of government financing and management oversight. They are eligible

to receive one-time support from the government in the form of a waiver of registration fees and collateral for an operating license. Such schools may also have received government land grants and customs waivers on imported goods (Education Regulations, Chapter 30, Clause 175). Some schools also receive substantial government funding for merit-based scholarships, while at the same time charging fees to families that are able to pay. Very few schools are registered as public trust schools. The latter are not considered in the following analysis, given their limited role in Nepal, but they may provide interesting management and policy lessons for consideration in the school system more broadly.³

³ Siddhartha Vanasthali Institute in Kathmandu, Somang Academy in Lalitpur, and various army and police schools are examples of private schools operating as public trusts. Budhanilkantha School in Kathmandu is an example of a

model school that receives significant government funding through annual recurring grants, while generating revenue by charging user fees.

Benchmarking Nepal's Private School Policies

This section of the report presents the results of the SABER-Engaging the Private Sector analysis of laws, policies, and regulations governing institutional, community, and other schools using the SABER classification of: (i) independent private schools and (ii) government-funded non-state schools. The report then compares the benchmarking results to established recommended practices. For more information on the global evidence underlying these policy goals, see the SABER-EPS Framework paper, *What Matters Most for Engaging the Private Sector in Education* (Baum et al. 2014).

As noted in the introduction, this benchmarking analysis focuses on official and established laws, regulations, and policies governing education provision. There is often a difference between official policy “on the books” and implementation “on the ground.” The following analysis focuses on official policy as a starting point for reform consideration, and notes differences between policy and implementation in a few cases.

The main policies, laws, and official documentation used to benchmark private sector engagement in the education system in Nepal include:

1. Education Act, 2028 (1971), Seventh Amendment (2001)
2. Education Regulations, 2059 (2002)
3. Institutional School Standards and Operation Directive (2013).

Goal 1: Encouraging innovation by providers

The highly particular and contextualized nature of education delivery necessitates decision making at the school level. In order to be aware of and adapt to changing student needs, school leaders require authority over the most critical managerial decisions.

Methodologically rigorous studies assessing the impacts of local school autonomy on student learning outcomes generally find a positive relationship (Hanushek and Woessmann 2013; Bruns, Filmer, and Patrinos 2011). A few studies find evidence that local autonomy for school

leaders is associated with increased student achievement, as well as reduced student repetition and failure rates (King and Özler 2005; Jimenez and Sawada 2003; Gertler, Patrinos, and Rubio-Codina 2012).

Box 2. International best practice—encouraging innovation by providers

The following decisions/processes are made at the school level:

- Establishment of teacher qualification standards.
- Appointment and deployment of teachers
- Teacher salary levels
- Teacher dismissals
- The way in which the curriculum is delivered
- Class-size decisions
- Management of the operating budgets

Development level

Independent private schools:



Government-funded non--state schools:



In Nepal, education policies for both independent private and government-funded non-state schools are **emerging**, demonstrating some instances of good practice.

Provider innovation for both independent and government-funded non-state schools is restricted with regard to setting teacher standards, determining how the curriculum is delivered, and determining maximum class size. In all these areas, the central government has the ultimate authority. In the case of teacher standards, a candidate must receive a license from the Teacher Service Commission in order to become a teacher at either a government-funded or an independent school.⁴ However, enforcement of this requirement has focused on teachers hired through government grants. The process for obtaining a teaching license can be cumbersome, resulting in many teachers at independent private schools being hired without a license. Regarding curriculum delivery, schools must implement the curriculum and textbooks approved by the government of Nepal.⁵ A school can apply to the District Education Office for permission to use additional learning materials

⁴ Education Act, Clause 11M.

⁵ Ibid., Clause 8; Education Regulations, Chapter 7, Clauses 31, 35-37; Institutional School Standards and Operation Directive 2013, Chapter 4, #4.4.

and textbooks.⁶ Regarding class size, the government sets central standards, mandating that independent private schools classes should have a minimum of 22 students, an average of 33, and a maximum of 44 students.⁷ In government-funded non-state schools, class sizes should be 50 in Kathmandu Valley and Tarai, 45 in the Hills Region, and 40 in the Mountain Region.⁸

For independent private schools, the policies for appointing, deploying, and dismissing teachers represent best practice, while the policies for setting teacher salaries reflect emerging good practice. In decisions concerning appointing and deploying teachers, the school has legal authority,⁹ although the SMC is supposed to recruit teachers who have obtained a teaching license, as noted above. There are no existing regulations regarding dismissing teachers, with the implication that independent private schools can do so freely at present. Regarding teacher salaries, the SMC has legal authority to set them within the guidelines provided by central authorities.¹⁰ These guidelines stipulate that the SMC is to provide teachers a minimum salary on par with the government pay scale. However, the provision has not been implemented fully in practice, and remains a point of contention for the Institutional School Teachers’ Union.

In government-funded non-state schools, central authorities maintain stronger control over appointing and dismissing teachers and setting teacher salaries. As a major share of government support to government-funded non-state schools is in the form of teachers, the Ministry of Education has legal authority to appoint, deploy, and dismiss teachers, as well as to determine their salary. The school has authority over these decisions when they concern a privately hired teacher. As in independent private schools, government-funded non-state schools are required to provide independently hired teachers a minimum salary on par with the government pay scale.

As for the school operating budget in government-funded non-state schools, the SMC has legal authority over its management, within guidelines provided by central authorities. Government-funded non-state schools are provided per-capita grants based on student

numbers, as well as salaries for a fixed number of teachers.

Based on the benchmarking results for goal 1, encouraging innovation by providers, the **suggested policy options** for Nepal include:

- Allow schools to determine their own standards for hiring teachers.
- Increase the flexibility of schools to adjust the curriculum to fit available school resources and needs of the local community.

Government-funded non-state schools:

- Allow government-funded non-state schools (community schools) to appoint and dismiss permanent government-funded teachers in addition to temporary/private hired teachers.

Table 3. Goal 1: Encouraging innovation by providers

<i>A. Common Policies: Independent Private Schools and Government-Funded Non-State Schools</i>		
Item	Score	Justification
Who has legal authority to set teacher standards?	Latent ●○○○	Central government has legal authority to set minimum standards for teachers.
Who has legal authority to determine how curriculum is delivered?	Latent ●○○○	Central government has the legal authority over how the curriculum is delivered.
Who has legal authority to determine maximum class sizes?	Latent ●○○○	Central government has the legal authority to determine class sizes.

⁶ Education Regulations, Chapter 7, Clause 35.

⁷ Ibid, Chapter 15, Clause 77(2).

⁸ Ibid., Chapter 15, Clause 77(1).

⁹ Education Act, Clause 12(7)(f); Education Regulations, Chapter 6, Clause 26; Chapter 18, Clauses 105–106.

¹⁰ Ibid., Clause 12(7)(f); Education Regulations, Chapter 6, Clause 26; Chapter 18, Clauses 105–106.

B. Policies for Independent Private Schools		
Item	Score	Justification
Who has legal authority to appoint and deploy teachers?	Advanced ●●●●	The school has the legal authority to appoint teachers without review from central authorities.
Who has legal authority to determine teacher salary levels?	Emerging ●●○○	The school has the legal authority to determine teacher salary levels within central guidelines.
Who has legal authority to dismiss teachers?	Advanced ●●●●	The school has the legal authority to dismiss teachers without government review.
C. Policies for Government-Funded Non-state Schools		
Item	Score	Justification
Who has legal authority to appoint and deploy teachers?	Emerging ●●○○	Central authorities have authority for teachers provided by the government, and schools have authority for privately hired teachers.
Who has legal authority to determine teacher salary levels?	Emerging ●●○○	Central authorities for teachers provided by the government, and schools for privately hired teachers—within central guidelines.
Who has legal authority to dismiss teachers?	Emerging ●●○○	Central authorities for teachers provided by the government, and schools for privately hired teachers.
Who has legal authority over the management of school operating budgets?	Emerging ●●○○	Schools have legal authority over management of school operating budgets, within central guidelines.

to perform more efficiently (Barrera-Osorio and Raju 2010; Patrinos 2002). A strong accountability system requires that the government, parents, and educational professionals work together to raise outcomes. The government must play a role in ensuring that superior education quality is delivered in schools. SABER-EPS assesses multiple policy indicators to determine non-state provider accountability. A list of the key indicators is provided in box 3.

Box 3. International best practice – holding schools accountable

- The central government sets standards regarding what students need to learn, including deadlines for meeting these standards.
- Students are required to take standardized examinations; exam results are disaggregated by school, socioeconomic status, gender, etc.
- Schools are required to report on the use of public funds as a condition of continued funding.
- The central government or an external agency performs school inspections as determined by school need.
- Schools produce school improvement plans.
- School performance is tied to sanctions and/or rewards.

Development level

Independent private schools:



Government-funded non-state schools:



Nepal’s policies for holding both independent and government-funded non-state schools accountable are **established**, demonstrating systematic instances of good practice.

The Nepalese government sets standards for what students need to learn, by when, and how well for both independent and government-funded non-state schools. The curriculum for each grade specifies learning outcome targets and modes of evaluation for each subject in that grade. For instance, the curriculum for English language specifies learning targets for speaking, comprehension, writing, and reading.

Goal 2: Holding schools accountable

On average, students perform better in schools with higher levels of accountability to the state (Abdulkadiroglu et al. 2011; Carnoy and Loeb 2002; Woessmann et al. 2007; Hanushek and Raymond 2005). For non-state providers, when government funding is tied to accountability standards, schools are incentivized

Board exams are administered in selected grades annually.¹¹ In grade 8, students take the lower secondary completion examination, which is administered at the district level. In grade 10, students take the School-Leaving Certificate (SLC) examination, and in grades 11 and 12, the higher secondary examinations. These examinations are administered by district education offices and national boards. Results are provided to individual students by the school. The relevant national boards, such as the Office for the Controller of Examinations, allow researchers to use the raw data upon request. However, there is limited disaggregation of the data, for example, by student socioeconomic status. There is also limited standardization of these exams—they are not comparable across years, and in some cases (such as grade 8), across districts, which decrease their usefulness for measuring progress in learning outcomes over time.

Nepal requires all schools to undergo standard term inspections. The inspection of independent private schools is not dealt with separately in policy, but rather the same officials (school supervisors/resource persons) that inspect government-funded schools are expected to also monitor independent private schools. The District Education Office, the agency mandated to carry out inspections, is meant to inspect schools on a monthly basis according to policy.¹² School supervisors are expected to assess whether or not schools have implemented the approved curriculum and textbooks,¹³ are operating according to the relevant provisions of the Education Act and Education Regulations, have adequate and optimally used human and physical resources, and are operating according to set standards. It is also mandated to instruct schools to make necessary changes.¹⁴

To ascertain the situation, the school supervisor is supposed to interact with the head teacher, parent teacher association (PTA), and teachers during inspections,¹⁵ as well as observe classes. The school supervisor is also expected to indicate the results of the inspection, as well as discussions with the head teacher and the SMC, in the school's inspection book.¹⁶ However,

supervisors have no standard reporting format and it is unclear if supervisors produce and submit individual school reports. Government-funded non-state schools are required to prepare five-year school improvement plans (SIPs) to be implemented and updated annually.¹⁷ There is a provision for SIP grants for government-funded schools in the annual Ministry of Education program and budget, although there is no explicit linkage between central funding and SIPs.

Independent private schools in Nepal can face sanctions if inspectors find that regulations, such as those that relate to the curriculum and required textbooks, have not been adhered to. Sanctions can include fines, loss of registration, and school closure. Sanctions can also be imposed on government-funded schools based on lack of adherence to regulations. In addition, teachers and head teachers can face personal sanctions for poor student performance at these schools:

- Teachers can receive no salary increase for five years or no promotion for two years due to poor work performance.¹⁸ (According to Clause 137a of the Education Regulations, poor work performance includes poor student results in three successive years, measured against the average standard.)
- If the pass percentage of students in any school is below the specified percent, the District Education Officer may stop salary increases for the head teacher as well as the relevant subject teachers.¹⁹

Government-funded schools and their teachers can also be given rewards for outstanding student performance:

- If any community school succeeds in passing more than 85 percent of its students (with a minimum number of 50 examinees), prizes can be given to such schools and best-performing teacher(s).²⁰

Finally, government-funded schools are required to report on the use of public funds as a condition for the continuation of funding. All schools are required to keep accounts and submit financial reports to the respective

¹¹ Education Act, Clause 5; Education Regulations, Chapter 8; Higher Secondary Education Regulations, Clause 6.

¹² Education Regulations, Clause 17(a).

¹³ Ibid., Clause 16(t).

¹⁴ Ibid., Clause 17(b).

¹⁵ Ibid., Clause 17(b).

¹⁶ Ibid., Clause 17(a).

¹⁷ School Grants Implementation Directive of 2007; Education For All 2004–09 Program Implementation Manual.

¹⁸ Education Regulations, Clause 137.

¹⁹ Ibid., Clause 143a.

²⁰ Ibid., Chapter 33, Clause 185A.

District Education Office.²¹ Financial reports must be submitted monthly or quarterly; while audits (financial and social) need to be submitted on an annual basis.²²

Informed by the results of the benchmarking exercise, the following **suggested policy options** would help Nepal increase the accountability of non-state schools:

- Strengthen the inspection system by standardizing the inspection report format and linking the report to a school improvement plan; make this a requirement of both government-funded and independent schools.
- Consider moving to a needs-based inspection system to better utilize inspection and supervision resources and to target government resources on the most underperforming schools with the most need of improvement.
- Further engage students, parents, and communities in the accountability process through participation in school and classroom monitoring (elaborated further in the following section).
- Increase the standardization of board exams over time to enable improved monitoring of student learning outcomes.

Table 4. Goal 2: Holding schools accountable

<i>A. Common Policies: Independent Private Schools and Government-Funded Non-state Schools</i>		
Item	Score	Justification
Does government set standards on what students need to learn and by when?	Advanced ●●●●	Government does set standards for what students need to learn, by when, and how well.
Are students required to take standardized exams, with results being disaggregated?	Established ●●●○	Board exams are administered annually for grades 8 and 10.
Are school inspections performed as determined by school need?	Established ●●●○	Government requires schools to undergo a standard-term inspection.
Does the inspection report outline the strengths and weaknesses of the school?	Latent ●○○○	No standard inspection report format exists.
Are sanctions administered based on the results of school inspections or performance on standardized exams?	Advanced ●●●●	Sanctions include additional monitoring, fines, and as a final measure, school closures, based on the results of school inspections or performance on standardized exams.

<i>B. Policies for Government-Funded Non-state Schools</i>		
Item	Score	Justification
Are schools required to report to government on the use of public funds as a condition of continued funding?	Established ●●●○	Government requires schools to report on the use of public funds as a condition of continued funding during a standard term.

Goal 3: Empowering all parents, students, and communities

Empowering parents, students, and communities is one of the foundations of quality learning opportunities for all students. Poor and marginalized children, together with youth, disproportionately lack access to quality education services. To overcome this obstacle, governments need to increase providers’ accountability to all clients, particularly underserved groups. Educational access and the performance of schools and students can be substantially impacted by **openly disseminating comparable school performance**

²¹ Education Regulations, Chapter 30, Clause 170.

²² Ibid., Chapter 30, Clauses 171-172; see also Clause 188.

information (Andrabi, Das, and Khwaja 2009; Pandey, Goyal, and Sundararaman 2009; Björkman 2007; Reinikka and Svensson 2005); **increasing parental influence in the school** (Skoufias and Shapiro 2006; King and Özler 2005; Jimenez and Sawada 1999; Gertler, Patrinos, and Rubio-Codina 2012; Di Gropello and Marshall 2005); and **implementing demand-side interventions**, such as scholarships, vouchers, or cash transfers, to help the most vulnerable students (Orazem and King 2007; Filmer and Schady 2008; Lewis and Lockheed 2007; Patrinos 2002; Barrera-Osorio 2006). Effective policy practices for non-state providers include some of the indicators listed in box 4.

Box 4. International best practice—empowering all parents, students, and communities

- Information on standardized tests and school inspections is made available by multiple sources.
- Parents and students are included in the inspection and improvement-planning processes.
- Admission processes for entry into publicly funded schools are not based on student background; a lottery is used in cases of oversubscription.
- School choice is not hindered by mandatory financial contributions.
- Tax subsidies, scholarships, or cash transfers are available to families whose children attend independent private schools.

Development level

Private independent schools:



Government-funded non-state schools:



The benchmarking of this policy goal reflects policy intent, not policy implementation. In Nepal, the policies for independent private schools are **established** for empowering parents, students, and communities. The policies for government-funded non-state schools are **emerging**, reflecting some instances of good practice. While there are common policies between independent private schools and government-funded non-state schools, some policies are only applicable to one of the school types, as framed by the benchmarking rubric

(annex I). For instance, the question of whether the government provides tax subsidies or cash transfers to families is only relevant for independent private schools.

In Nepal, inspectors are required to observe classes and may interact with students during inspections of both independent and government-funded non-state schools. Inspectors are required to interview members of the SMC, which include parents. However, information on inspection results is not made available, as the government is not required to give parents access to inspection reports. Given that there is no standard reporting format for school inspections, it is unclear if inspectors produce and submit individual school inspection reports at all. Schools are not ranked based on inspections, and no programs are in place to provide information to hard-to-reach groups.

With regard to the results of standardized exams, information on individual performance is provided to students in both independent and government-funded non-state schools. The results are available for all standardized exams in which students participate, namely, in grades 8, 10, 11, and 12. Immediate information (pass or fail) is typically communicated via SMS, and mark sheets are given to individual students. No programs are in place to provide information to hard-to-reach groups on the results of standardized exams.

According to current policies, the government does not provide tax subsidies or cash transfers for families attending independent private schools. However, independent private schools are required to make 10 percent of total student seats available to poor and marginalized students via scholarships (offered to poor, disabled, female, Dalit, or ethnic minority students). To select scholarship students, each school must have a scholarship selection committee consisting of the school head teacher, a District Education Office representative, and a parent member of the SMC.²³

At present, no explicit policies exist to prohibit government-funded schools from selecting students based on academic performance. In a very small number of model schools that receive government support, students must be selected from all parts of the country, thus making geography a criterion of admission to these schools. The voluntary monetary parent contributions

²³ Education Act, Clause 16J; Education Regulations, Chapter 26, Clause 151.

that government-funded non-state schools are currently allowed to charge can also restrict school choice. In some highly selective government-funded non-state schools, the majority of students pay monthly market-level fees as well.²⁴

Informed by the results of the SABER-EPS benchmarking exercise for Nepal, the following **suggested policy options** would help empower parents and students to improve the quality of education services provided by private schools:

- Guarantee parents’ access to comparable information on the quality of schooling, such as standardized exam results and school inspection reports, disaggregated by important characteristics, including school, socioeconomic background, gender, and other types of disadvantage. This could also be done through school report cards.
- Further engage students, parents, and communities in the accountability process through participation in school and classroom monitoring.
- Consider expanding scholarships or other financial support to lower-income or otherwise disadvantaged students to enable them to choose from a wider range of school options, including independent private schools, without being limited by monetary contributions.

Table 5. Goal 3: Empowering all parents, students, and communities

<i>A. Common Policies: Independent Private Schools and Government-Funded Non-state Schools</i>		
Item	Score	Justification
Are standardized exam results and inspection reports provided regularly to parents?	Established ●●●○	Regular information is provided to parents on individual standardized exam results.
Are parents and students interviewed as part of the inspection process?	Established ●●●○	Student or parents are interviewed as part of the inspection process.

<i>B. Policies for Independent Private Schools</i>		
Item	Score	Justification
Does the government provide tax subsidies or cash transfers to families whose children attend independent private schools?	Established ●●●○	While the government does not provide tax subsidies or cash transfers, the private sector is legally required to provide some subsidized education services to low-income students through scholarships.

<i>C. Policies for Government-Funded Non-state Schools</i>		
Item	Score	Justification
Are schools allowed to apply selective admission criteria when admitting students?	Emerging ●●○○	Schools are allowed to select students based on academic performance or geography.
Are schools allowed to charge additional fees or accept contributions from parents?	Emerging ●●○○	Voluntary monetary contributions from parents are allowed, which may restrict the choice of sending children to school.

Goal 4: Promoting diversity of supply

By opening education to a more diverse set of providers, governments can increase client power and make providers directly accountable to students and parents for results. Although the public sector will always remain an important (and, in most cases, the predominant) provider of education services, educational choice can be used as part of a package of reforms to improve education access and quality in both the public and private sectors (Hoxby 2003; Levin and Belfield 2003; De la Croix and Doepke 2009; Carnoy and McEwan 2003; Himmler 2007; Angrist et al. 2002; World Bank 2003). In order to facilitate quality improvements through increased school competition and choice, governments can (i) allow multiple types of providers to operate; (ii) promote clear, open, affordable, and unrestrictive certification standards; and (iii) make government funding (and other incentives) available to non-state schools. This policy goal aims to increase the ability of diverse providers to provide education services. In order to do so, a number of policy indicators are suggested, as

²⁴ Education Regulations, Chapter 24, Clauses 146, 152.

outlined in box 5.

Box 5. International best practice—promoting diversity of supply

- The central government allows different types of providers to operate schools.
- Certification standards do not prohibit market entry.
- Information on market-entry requirements is available from multiple sources.
- Regulatory fees do not prohibit market entry.
- Publicly funded non-state schools and public schools receive equivalent student funding; funding is increased to meet specific student needs.
- The central government provides incentives for market entry, such as access to start-up funding, public land, and public buildings.
- Schools are able to plan budgets six months in advance of the academic year.
- Privately managed schools are not restricted by student numbers, school numbers, or location.
- The central government does not restrict tuition levels at private independent schools.

Development level

Private independent schools:



Government-funded non-state schools:



In Nepal, the policies in place to promote diversity of supply for independent private schools are **established**. For government-funded non-state schools policies, they are **emerging**—representing some instances of good practice.

The guidelines for registration of new providers are currently publicly available from multiple sources, including the Education Act 1971 (Seventh Amendment, 2001), Education Rules 2002, and the Institutional School Standards and Operation Directive 2013. The minimum operating standards for both independent and government-funded non-state schools are similar and include criteria not directly linked to educational outcomes, such as certain facilities (e.g., science lab, internet/computers) and assets (e.g., ownership of land

and buildings). Other minimum standards currently include: school playground/ minimum outdoor space, medical services, library, a specified number and size of classrooms, a specified number of teachers, toilets, and drinking water.²⁵

The minimum requirements differ between independent and government-funded schools in terms of class size and teacher-classroom ratios. There have also been recent directives that add additional certification standards for the establishment of new independent private schools, such as the availability of other schools in the area. It is not clear to what extent these new requirements are limiting the establishment of new private schools in practice.

The steps for registration for any school providing basic education opened by any party other than the government of Nepal are as follows. New providers must submit an application at the District Education Office no later than three months prior to the start of the academic year. Applications must be accompanied by a recommendation from the concerned Village Development Committee or municipality. In the case of primary (grades 1–5) and lower secondary (grades 6–8) schools, the District Education Office grants registration no later than one month prior to the start of the academic year. In the case of secondary schools (grades 9–10), the District Education Office will forward the application (together with the opinion of the concerned District Education Committee) to the Regional Education Directorate for approval. In the case of higher secondary schools (grades 11–12), the Higher Secondary Education Board, upon recommendation of the District Education Committee, grants approval.²⁶ For independent private schools, application for registration must also document whether the school is to be established as a company or trust school.

The government allows all types of organizational providers (community, not for profit, faith based, for profit) to operate independent private schools. The vast majority of government-funded non-state schools in the country are established and managed at the community level. According to law, company schools (independent for-profit schools) may not be operated in government or public buildings, on government or public land, or on

²⁵ Education Act, Clause 3; Education Regulations, Chapter 2, Clauses 3-11, Annex 1, 3; Institutional School Standards and Operation Directive 2013, Chapters 2, 3, 4.

²⁶ Education Act, Clause 3; Education Regulations Chapter 3, Clauses 3, 5.

land or in buildings donated by an individual or organization,²⁷ which limits the opportunities for for-profit providers to establish schools.

According to current policies for independent private schools, the government does not set standardized tuition fees, but does impose a cap and requires ministerial approval of all tuition fees: “School shall submit the proposed rate of fees levied to students for the forthcoming academic session [...] to the Ministry for approval at least two months before the start of the next session.”²⁸

The fees that independent private schools must pay to operate are determined by four different categories based on school infrastructure and quality of service.²⁹ Independent private schools are able to operate while paying the following fees:³⁰

- One-time deposit of Nr 200,000 for secondary, Nr 150,000 for lower secondary, and Nr 50,000 for primary school. The deposit is put into a fixed account and schools receive interest on the amount. The deposit is reduced to 50 percent if the private school is established in a remote district (as designated by the state). Deposit fees are waived not-for-profit schools registered as public trusts.
- Registration fees and required annual income taxes (for-profit independent private schools only).
- Some administrative fees may be levied within a district.
- All private schools are required to contribute annually to the Rural Education Fund.³¹ The centrally managed Fund assists in developing community schools in rural areas and aims to enhance their academic standards.

In the case of government-funded non-state schools, policies relating to fees and the diversity of providers reflect good practice. Schools are allowed to operate while paying one type of fee—an administrative fee levied by the District Education Committee. The amount of the fee varies by district. A one-time deposit of Nr 100,000 is required for secondary school (grades 9–10) only. Policies relating to funding allocations, information

on allocations, and incentives for new providers could be strengthened. The academic and non-academic budgets allocated to different government-funded non-state schools are not equivalent. All community schools receive the same per-student amount for textbooks and scholarships, but partially aided community schools receive less for teacher salaries and non-academic budgets than do fully aided community schools. Schools are informed one to three months prior to the start of the academic year of the amount of funding that they will receive. The government does not currently offer start-up funding for newly established community schools.

Informed by the results of the SABER-EPS benchmarking exercise, the following **suggested policy options** would help to better promote diversity of supply of private schools in Nepal:

- Link school certification standards to education outcomes, rather than to factors such as facilities, ownership of assets, and proximity of other schools.

Independent private schools:

- Consider relaxing government authority over tuition fees to give schools more autonomy over their resources (possibly combined with increased support for scholarships targeting lower-income or otherwise disadvantaged students).

Government-funded non-state schools:

- Consider providing schools with access to start-up funding and/or government facilities or land to encourage new providers.
- Move towards standard per-student funding for all government-funded (community) schools.
- Aim to provide information on budgetary allocations more than three months before the start of the academic year.

²⁷ Education Act, Clause 3, Sub-clause 6.

²⁸ Education Regulations, Chapter 25, Clause 146–148, and Annex 22.

²⁹ Ibid., Chapter 24, Clause 145, and Annex 21.

³⁰ Ibid., Chapter 2, Clauses 10, 10A.

³¹ Ibid., Chapter 32, Clause 180.

Table 6. Goal 4: Promoting diversity of supply

A. Policies for Independent Private Schools		
Item	Score	Justification
Are there minimum standards for registration or for independent private schools to be allowed to operate?	Latent ●○○○	Certification standards that are not linked to education outcomes restrict entry, including facilities (separate science labs, etc.), assets (ownership of land or buildings), and location (presence of other schools in the area)
Are there guidelines clearly publicized by multiple sources that outline requirements for school registration?	Advanced ●●●●	Registration/certification guidelines are made public by multiple sources.
Does the government allow multiple types of providers to operate a school?	Advanced ●●●●	The government allows all of the following organizational types of schools: -Community -Not for profit -Faith based -For profit
Who has legal authority to determine tuition fee standards?	Emerging ●●○○	Government does not set standardized tuition fees but imposes cap (overall amount or percentage increases on tuitions fees).
Are schools able to operate without paying fees?	Emerging ●●○○	Schools are able to operate while paying two to three types of fees.

B. Policies for Government-Funded Non-state Schools		
Item	Score	Justification
Are there minimum standards for registration or certification for government-funded non-state schools to be allowed to operate?	Emerging ●●○○	Certification standards that are not linked to education outcomes restrict entry, including facilities (separate science labs, etc.) and assets (ownership of land or buildings).
Are there guidelines clearly publicized by multiple sources that outline requirements for school registration?	Advanced ●●●●	Registration/certification guidelines are made public by multiple sources.
Does the government allow multiple types of providers to operate a school?	Established ●●●○	The government allows the following organizational types of schools: -Community -Not for profit -Faith based
Are schools able to operate without paying fees?	Established ●●●○	Schools are able to operate while paying one type of fee.
Does the government provide equivalent funding of budgets for all government-funded schools?	Latent ●○○○	Academic operating budgets are not equivalent in terms of per-student amounts across government-funded non-state schools.
Is information on the amount of government funding provided in a timely manner?	Emerging ●●○○	Schools are provided information on the allocations to be transferred to them between one and three months before the start of the academic year.
Do government-funded non-state schools receive any start-up funding?	Latent ●○○○	Government-funded non-state schools do not receive any start-up funding.

From Analysis to Action: Policy Options for Nepal

Nepal has made great progress in educational outcomes over the past 15 years. Net enrolment in primary education exceeds 95 percent and gender parity has been effectively achieved. However, challenges remain in terms of access to school at the secondary level and quality and equity throughout the education system.

Table 7 summarizes some of the critical challenges facing Nepal’s education sector, findings from this benchmarking exercise, as well as suggested policy options for strengthening private sector engagement in the education system with the goal of ensuring learning for all. (The policy options will be discussed in greater detail following the table.) These options are supported by international evidence, best practice, and examples of countries that have used innovative interventions to improve from a variety of starting points.

Table 7. Nepal: Summary of education challenges, findings, and suggested policy options

Challenge	Situation	Findings	Policy Options
Access	<ol style="list-style-type: none"> Nepal has achieved 95% primary school enrolment. The government of Nepal desires universal free secondary education. <p>However:</p> <ol style="list-style-type: none"> Net enrollment is 72.6% in lower secondary and 54.9% in secondary (Nepal-Department of Education, 2014). 44% of households are more than 30 minutes away from a post-primary school. 	<ol style="list-style-type: none"> Registration criteria for new providers is burdensome and linked to inputs rather than outputs. Government does not provide start-up funding or incentives for new providers. Government restrictions apply caps on tuition fees at private schools. For-profit schools do not receive government funding. 	<ol style="list-style-type: none"> Ease registration criteria and link them to educational outcomes. Increase incentives for private providers to expand service delivery, especially post-primary: <ol style="list-style-type: none"> Provide startup funding or other incentives (e.g. public land/buildings) to promote increased supply of post-primary opportunities in underserved areas. Consider removing tuition caps for private providers, along with financial support for disadvantaged students. Include for-profit schools in government funding programs for post-primary schools.
Quality	<ol style="list-style-type: none"> Results from the 2011 National Assessment of Student Achievement (NASA) showed poor competency for 8th graders. There are distinct differences in student performance depending on type of school (e.g., institutional or community) and location (urban or rural). Systematic analyses of student performance are not available. 	<ol style="list-style-type: none"> Mechanisms to monitor school performance are weak and the school inspection process could be improved. Comparable information on school quality is not available to parents. Government restricts school autonomy in the areas of teacher standards, hiring and dismissal, and curriculum delivery. Inspections are meant to be carried out on a monthly basis. 	<ol style="list-style-type: none"> Strengthen performance monitoring mechanisms, including linking school inspections and improvement plans. Better engage students and parents in school monitoring and management. Empower parents by requiring schools to provide regular information on the quality of schooling. Consider granting schools more autonomy on key management questions, including teachers and the curriculum. Move to a needs-based inspection system to target resources to the most underperforming schools.

<p>Equity</p>	<ol style="list-style-type: none"> 1. 140,000 primary-school-aged children are out of school. 2. Students from the poorest households complete 3.2 fewer years of schooling than their wealthiest peers. 3. There is much lower attendance at private schools by students from poor families. 	<ol style="list-style-type: none"> 1. Government-funded non-state schools are allowed to charge voluntary monetary parent contributions. 2. Government does not provide tax subsidies or cash transfers to lower-income students to help them attend independent private schools. 	<ol style="list-style-type: none"> 1. Consider providing additional support to lower-income and disadvantaged students to attend government-funded schools without incurring additional expenses or requiring parental contributions. 2. Consider providing means-tested or poverty-targeted scholarships to enable lower-income students to attend private independent schools.
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Challenge 1: Access

Policy Option 1: Improve the regulatory environment to support a greater supply of post-primary schools in underserved areas

In Nepal, the rates of enrolment in post-primary education remain low (72.6 percent in grades 6–8 and 54.9 percent in grades 9–10). Moreover, nearly half (44 percent) of households are not within 30 minutes of a post-primary institution. As a consequence, the regulatory environment could be strengthened for both independent and government-funded non-state schools in order to encourage new providers to establish post-primary schools in underserved areas.

Policies should explicitly outline the governance and financial arrangements in order to ensure transparency in the system and to encourage new providers to enter. Guidelines for certification should be simplified to make sure that they do not discourage market entry. Government could also consider providing incentives for market entry, such as start-up funding or access to public land or buildings, eliminating tuition caps, and including for-profit schools in government funding programs for post-primary education.

1. Ease registration criteria and link them to educational outcomes

Strict certification guidelines can discourage private providers from operating legally, or even operating at all in some cases (Härmä 2011). Additionally, regulatory measures that encourage supply include setting certification standards that are limited to criteria that are linked either to educational outcomes or health and safety. International research has shown that the school infrastructure and pedagogical materials that have an

impact on student outcomes are: adequate numbers of textbooks, exercise books, desks, tables, chairs, and blackboards, as well as electricity and high-quality walls, roofs, and floors (Glewwe et al. 2011). Out of the more costly interventions, school libraries appear to have a generally positive impact, while the impact of computers is less clear.

In Nepal, schools currently need to fulfill numerous criteria in order to operate. Minimum criteria include certain facilities (e.g., science lab, internet/computers) and assets (e.g. ownership of land and building). For independent private schools, recent directives have also required consideration of the availability of other schools in the area. Certification criteria should either be linked to health/safety and educational outcomes only, or schools should be allowed to fulfill the criteria gradually. For instance, schools could first be required to fulfill a shorter list of minimum standards linked to health and safety, with other facilities added gradually as the school scales up.

Country example

In New York City, the Department of Education oversees and supports new charter schools to improve learning opportunities and meet community needs. Charters have the autonomy to determine their own policies, design their educational programs, and manage all human and financial resources of the school. When a new charter school is established, a five-year performance contract, or “charter”, is set up to ensure high student achievement. There are no set minimum criteria for registration; instead, performance standards are organized under four guiding questions ((NYC Department of Education 2013)):

- Is this school an academic success?

- High academic attainment and improvement
- Mission and academic goals
- Responsive education program
- Learning environment
- Is this school a fiscally sound, viable organization?
 - Governance structure and organizational design
 - School climate and community engagement
 - Financial and operational health
- Is this school in compliance with its charter and all applicable laws and regulations?
 - Approved charter and agreement
 - Applicable federal and state law
 - Applicable regulations, such as safe and secure school facilities
- What are the school's plans for its next charter term?
 - School expansion and model replication
 - Organizational sustainability
 - School or model improvements

For more information on charter school certification in NYC, click [here](#).

2. Increase the level and quality of incentives for private providers to expand post-primary service delivery

The private sector could substantially contribute to the expansion of post-primary education services. Government policy could facilitate such expansion through improved incentives, which could be designed to specifically encourage expansion in targeted underserved areas, for instance, through linkages to proper mapping of schools. Three incentive-based policy options are suggested:

a. Consider providing start-up funding or other incentives (e.g. public land/buildings) to new providers

Currently, neither the most common independent private schools (company schools) nor government-funded non-state schools in Nepal receive start-up funding or other incentives, such as access to public land or buildings. The government could consider offering such incentives to new providers to support a greater

supply of school places in areas with low post-primary opportunities.

Country example

In Burkina Faso, a public-private partnership was set up in order to increase enrolment in lower secondary schools from 20 percent in 2004 to 33.5 percent by 2009. Through this partnership, the government supported the construction and equipment of 80 private schools and hired and paid for two teachers per school. The schools aimed to reduce disparities among provinces in secondary school choice. The 18 provinces with the lowest coverage would benefit from 70 percent of the program funding. These schools then operated at a lower cost than typical private schools. No recurrent costs were incurred by the government (World Bank 2006).

For more information see the World Bank Operations [portal for Burkina Faso](#).

b. Consider eliminating tuition caps for private providers

Regulatory caps on tuition are often introduced through legislation in an attempt to protect poorer households from highly priced school fees, as is the case in Nepal. Unfortunately, even with such tuition caps, the poorest students are still typically left out of the private education market. As such, policies that impose tuition caps have the effect of constraining growth in the supply of private education services, while still failing to enable the poor. A more progressive and cost-effective approach would be to liberate private providers from tuition limits, thus allowing private schools to charge more to wealthier students, while protecting the poor through policies that require private schools to admit poorer students at no cost. Some equity-protection measures are already in place in Nepal through the Education Act; additional options to strengthen such support are provided in the second policy option below.

Country examples

In Indonesia, Japan, Malaysia, and the Philippines, tuition fees are determined by the market rather than the government. The market is therefore allowed to determine the price, resulting in differentiated school models to meet the demands of individual citizens. The government in each country maintains a stewardship role to ensure learning for all (Patrinos 2012).

In Dubai, tuition fee rate increases are dependent on the performance of a school. The aim of this innovative framework is to regulate school fees to protect students and their parents as beneficiaries of educational services, as well as to provide a favorable environment for investors in the education sector and encourage them to improve the quality of education (KHDA 2012).

For more information on Dubai's tuition fee framework click [here](#).

c. Consider including for-profit schools in government funding programs at the post-primary level

One of the biggest obstacles to providing free universal secondary education in Nepal will be infrastructure and manpower. In order to reach all students at the secondary level, the education system will need to more than double its current supply of secondary services. To do so quickly will require substantial incentives for school providers. By making government funding available to for-profit school providers, Nepal could greatly influence the behavior of the school market and encourage an increased level of service provision.

Country example

In the Philippines, the government's education service contracting (ESC) program pays for more 700,000 secondary students (more than half of all such students) to attend for-profit private secondary schools (LaRocque 2014). This program provides substantial incentives for private schools and opportunity for new providers to become financially viable. In the coming years, the Philippines plans to double its enrollment at the secondary level—the result of lengthening the secondary school cycle by two years—and plans on the private sector providing a large share of these services through the ESC program.

Challenge 2: Quality

Policy Option 2: Strengthen accountability measures, including the regular collection and dissemination of comparable information on school performance, while increasing school autonomy

In Nepal, there are few mechanisms to monitor school performance and hold schools accountable for delivering quality education. No comparable data on school quality is currently available, inspectors are not required to submit standard inspection reports, and parents cannot compare the quality of different schools.

Accountability mechanisms are crucial for ensuring high-quality service delivery. During a year of schooling, students with a poor teacher typically master less than 50 percent of the curriculum, while students with a good teacher average one year of progression and those with great teachers, one-and-a-half years of progression (Hanushek and Rivkin 2010). But while good teaching is essential, accountability mechanisms must also be effective and aligned in order to monitor teaching and learning.

To raise the accountability of schools to the state, Nepal could strengthen its school monitoring and inspection system. School inspections should be recorded using a standard format and inspection reports could be more closely linked to school improvement plans. Parents and students could be better engaged in monitoring and inspection by having access to information. To raise the accountability of schools to parents and the community, schools should be required to provide parents with comparable and regular information on the quality of schooling. Once effective monitoring mechanisms are in place, a mechanism to further improve quality is to give schools more autonomy over key management decisions, such as hiring teachers and choosing learning materials. Resources could be more effectively targeted to underperforming schools by moving to a needs-based inspection system. Specific recommendations and international best practices include:

1. Establish a standard format for inspection reports and link inspections to school improvement plans

An effective inspection process, including appropriate follow-up, can be an important means of school improvement. Inspection frameworks should outline strengths and weaknesses of schools and specific priorities for improvement. The government should also create mechanisms to ensure that the number and location of inspections are actively monitored and follow-up action is taken by schools, based on the inspection recommendations.

In Nepal, school supervisors do not use a standard reporting format, and individual school reports are not produced and published in a standardized way. This limits the ability of government to effectively monitor schools and work with schools and SMCs in a consistent way to improve school outcomes.

Specifically, the school inspection process should be linked to school improvement plans, which have been an important piece of multiple successful education programs in developing countries (Bruns, Filmer, and Patrinos 2011). Improvement plans traditionally outline the goals that a school desires to achieve, strategies for achieving those goals, and practical actionable steps for each individual within the school, which can be drawn directly from school inspection reports.

Research has shown that improvement plans can be successful when they clearly define goals; pursue simple actions with consistency; align standards, curriculum, instruction, and assessment; and create a culture of achievement (Schmoker and Marzano, 1999; Reeves 2006; Collins 2005). Changes at the school level, however, will only occur when relationships in the school are strengthened. School leaders must ensure that improvement plans are meaningful to all stakeholders and purposeful actions taken throughout the school (Fullan 2007).

In Nepal, government-funded non-state schools (i.e., community schools) are required to prepare five-year school improvement plans and there is provision for grant funding to implement these plans (Nepal-Department of Education 2012). However, there is no formal linkage between improvement plans and the school inspection process, or between inspection plans and central government funding. Independent private schools are covered by the school inspection process, but are not explicitly required to prepare improvement plans. Requiring all schools to conduct improvement plans and consistently linking standardized school inspection reports with such plans will improve school monitoring capacity in Nepal.

Country examples

In the United Kingdom, the Office for Standards in Education, Children's Services and Skills (Ofsted) carries out inspections of schools. Inspectors focus on those operational aspects that have the greatest impact on raising student achievement, including achievement of

pupils, the quality of teaching, student behavior and safety, and the quality of leadership and management. Inspectors identify the strengths and weaknesses of a school, as well as what it must do to improve. The lead inspector has responsibility for ensuring that judgments about the school are collectively agreed by the inspection team and that they are supported convincingly by recorded evidence. Following an inspection, the lead inspector will write a report that sets out the main findings. The findings should be consistent with those explained orally to the school. The report is sent to the school for a factual accuracy check and published on Ofsted's website, normally within 15 working days of the end of the inspection. A copy of the report is sent at least to the head teacher of the school and the local authority, as well as to other prescribed persons.

For more information, please see Ofsted's Framework for School Inspection, click [here](#).

Western Cape, South Africa, requires schools to submit individual school improvement plans. Particular attention is given to those schools that did not achieve the required pass rate on the most recent state examinations. The number of underperforming schools has declined every year since this requirement was introduced, from 85 in 2009 to 26 in 2012 (Western Cape 2013).

In Sweden, schools are inspected regularly by the Swedish Schools Inspectorate. Regular inspections are carried out in all schools ever four to five years. This model was created to ensure evaluation and accountability in the educational system, which is highly decentralized and grants a large degree of autonomy to schools. The main purpose of regular inspections is to ensure that municipalities and schools fulfil their responsibilities set out in the Education Act. Inspections also have other important objectives, including evaluating the extent to which schools are fulfilling national objectives and the national curriculum, as well as assessing if schools have systems in place for self-evaluation and self-improvement. Inspection reports outline where schools are failing to meet national requirements. Results are also discussed with the municipalities and schools concerned, along with priorities for improvement. The Inspectorate can apply penalties to ensure that schools improve after an inspection. If an independent school fails to take action,

the Inspectorate can apply a fine or even revoke its operating license.

More information on inspections in Sweden can be found [here](#).

2. Better engage students and parents in school monitoring and management

When parents, students, and communities more broadly are actively engaged in the monitoring and management of their schools, they are better able to influence learning outcomes and hold schools accountable for results. In Nepal, parent-teacher associations and SMCs are required to participate in the school inspection process. But this involvement in school inspections could be strengthened, with the parental perspectives more formally included in standardized inspection reports. More broadly, there is scope to strengthen the roles and capacities of SMCs and parent-teacher associations to better engage families in school monitoring and management.

Country examples

In Denmark, parents are actively engaged in the quality assurance of schools in a number of innovative ways. Parents draw up annual evaluation plans and in some schools, are invited to observe lessons and even elect an external inspector to review the school (Denmark Inspectorate of Education 2013).

In the UK, OfSTED launched an online portal, Parent View, which asks parents for their opinion on twelve aspects of their children's schools, such as the quality of teaching and dealing with poor behavior. The information provided by parents is available on the website so that parents can compare schools. The data is also used to inform the sequencing and timing of school inspections.

More information on OfSTED's Parent View can be found [here](#).

3. Empower parents by requiring schools to provide regular information on the quality of schooling

In order to implement the recommendation above to better engage parents and students so that schools better meet the needs of all students in the community, parents must be able access regular information on the

quality of schooling. Empowering parents through increased information can lead to greater transparency and enable them to influence school quality through raising complaints directly with the provider or informing public authorities. To exercise their voice and client power effectively, parents need detailed current information on school quality. Policies in Nepal should guarantee that parents receive such information regularly. Information could include school report cards, classroom assessment results, examination results, or inspection reports.

Country examples

Interventions that give access to school performance information have had significant impacts in both developed and developing countries. In Punjab, Pakistan, providing school report cards to parents, communities, and teachers improved student performance by 0.15 standard deviations and reduced fees in high-quality private schools by over 20 percent. The largest learning gains (0.34 standard deviations) were for initially low-performing (below median baseline test scores) private schools (Andrabi et al 2009).

In the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua, a USAID-funded program – Civic Engagement for Education Reform in Central America (CERCA) — implemented a school report card that focused on indicators in four areas:

1. **Context:** basic profile information (e.g., number of students in each grade, etc.) and access to services at the school (e.g., sanitation, electricity, etc.)
2. **Inputs:** class size, access to resources (i.e., notebooks, pens, etc.), and access to social services (e.g., school meals, health programs, etc.)
3. **Processes:** student and teacher attendance, school plan implementation, and parent participation
4. **Results:** coverage and efficiency (the latter is tracked through repetition and retention rates)

The results of the school report card are used by communities to develop and monitor implementation of school action plans (CERCA 2006).

In Andhra Pradesh, India, the Vidya Chaitanyam intervention used citizens to monitor and advocate for higher-quality service delivery from government and non-government basic education providers. This was intended to strengthen the oversight function in the

state due to lack of capacity at the Local Education Offices, which are responsible for carrying out school inspections. The program included members of Women’s Self-Help Groups, who were often illiterate or semi-literate, who assessed the quality of basic education provision through the use of school scorecards. The results of the scorecards were shared with district officials, the local school management committee, and local women’s Self Help Group meetings (CfBT 2013).

4. Consider allowing schools more autonomy on key management decisions, including teachers and the curriculum

Nepal currently restricts the autonomy of schools, particularly regarding teachers and curriculum delivery. As school inspection, monitoring, and improvement mechanisms are strengthened, Nepal may want to consider expanding school autonomy. Of greatest importance is that standards for school accountability are focused on outcomes (i.e., student learning) rather than inputs (i.e., teacher and school certification requirements, class sizes, etc.). Specific policies limiting school autonomy in Nepal include central government authority over curriculum and textbooks, class sizes for both independent private and government-funded non-state schools, and appointment and dismissal of permanent teachers in government-funded non-state schools (community schools).

Methodologically rigorous studies that assess the impacts of local school autonomy on student learning outcomes generally find a positive relationship (Hanushek and Woessmann 2010; Bruns, Filmer, and Patrinos 2011). International education research shows that teacher credentials—including factors such as years of experience, certification, and education—fail to predict student learning (Dobbie and Fryer 2011; Goldhaber and Anthony 2004; Goldhaber and Brewer 2000; Hedges et al. 1994; Hanushek 1997). Instead, regulations on teaching credentials may limit the potential for private providers to operate and expand, as certain schools may be unable to employ a sufficient number of qualified teachers.

Country examples

In England, private independent schools and privately managed schools (known as Free Schools and Academies) are able to make their own personnel

decisions and adapt the curriculum to student needs. For example, some schools opt to use government teacher standards, while other schools tailor these to meet the needs of the local community. They are also able to tailor the curriculum, providing that it remains balanced and broad. Schools are still required to teach English, mathematics, and science, and to make provision for the teaching of religious education (U.K. Department for Education 2013).

For more information about the Academies Act of 2010, click [here](#).

In Kenya, the low-cost independent private Bridge International Academies currently educate over 95,000 students. Bridge’s curriculum was developed and is continuously reviewed by in-house leading education experts. All lessons are scripted and delivered through tablets. Bridge has created its own instructional materials, including books and songs, in order to facilitate positive behavior among students and create an environment that reinforces learning. Bridge prices its education to be accessible to families living on US\$ 2 a day per person or less.

For more information on Bridge International Academies, click [here](#).

5. Move to a needs-based inspection system to target resources to the most underperforming school

Nepal spends 4.7 percent of its GDP on education, surpassing the South Asia average of 2.8 percent. Although significant investment in education is certainly important, given resource constraints, there may be opportunities to spend education funding more efficiently.

One policy area in Nepal with room for efficiency and effectiveness improvements is the school inspection process. District Education Offices are required by policy to inspect every school on a monthly basis. To better target resources, Nepal could consider moving towards a needs-based inspection system, whereby high-performing schools are inspected less frequently and inspectors target their efforts on underperforming schools.

Country examples

In Malawi, the inspection framework covers private independent schools, religious schools, and public schools. Schools are inspected once every two years, but inspections based on need using a risk-based framework are also carried out. The latter employ the following criteria:

- a) Schools with poor examination results.
- b) Schools that are poorly managed.
- c) Schools that have not been inspected for more than two years.
- d) High-performing schools in order to learn good practices.

Malawi also has four different types of inspections, as shown in table 8.

Table 8. Types of school inspection in Malawi

Type of inspection	Objective	Who carries it out	Duration
Full inspection	Evaluation of all aspects of the school: curriculum, organization of teaching and learning, general school administration and documentation, provisions of buildings and grounds, equipment	Team of inspectors (3–6 inspectors, depending on size of school)	Full day
Follow-up inspection	Evaluation of extent to which recommendations made in the full inspection report have been implemented	1–2 advisors	2 hours
Partial inspection	Examination and evaluation of one or a limited number of aspects of school life	1–2 advisors	Depends on gravity of aspect
Block inspection	Improve inspection coverage of schools in a	6 to 8 supervisors from different	1–2 weeks

	specific period of time	districts	
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Source: Based on World Bank consultations with the government of Malawi.

The inspection report includes the type of school visited, enrolment, staffing, and rating of school performance on various aspects of operations, as well as the general strengths and weaknesses of the school. After the inspection, members of the school staff and head teacher are briefed on inspection findings. This discussion gives the staff and head teacher a chance to start working on the weaknesses identified in the school.

Challenge 3: Equity

Policy Option 3: Consider providing additional support to poor and marginalized students attending independent schools and post-primary education

As noted earlier in this report, more than 140,000 primary-school aged children in Nepal are currently out of school (Nepal-Department of Education 2014). Poor students drop out earlier: the poorest students complete 3.2 fewer years of schooling than their wealthiest peers, and finish only 6.4 years of total schooling on average, meaning that most drop out in lower secondary school (grades 6–8). About 60 percent of students from the wealthiest quintile currently attend private schools in Nepal, compared to only 6 percent of students from the poorest quintile.

The SABER-EPS benchmarking exercise indicates that policies in Nepal to support poor and marginalized students could be improved in both independent and government-funded non-state schools. Government-funded non-state schools are allowed to receive monetary contributions from parents, given that government support does not cover all operating costs. The government does require independent private schools to provide scholarships to poor and marginalized students (at least 10 percent of school places are mandated for such students), but no financial support from the government is generally available to enable lower-income students to attend these schools. Some model schools receive government funding for scholarships for low-income students, but these are merit-based and only available at a very limited number of schools.

Policies in Nepal should ensure that students have equitable access to quality schooling and do not drop out of post-primary schooling due to an inability to pay non-tuition expenses in either government-funded or independent private schools. One option that could be considered is government vouchers or other forms of cash transfers or financial support that would cover the full costs of low-income or otherwise disadvantaged students of attending such schools. This could be implemented in a way to both cover private tuition costs of independent private schools and expand scholarships for students with limited ability to attend government-funded schools without incurring expenses.

Country examples

In Cambodia, two evaluations of the impact of scholarships for lower secondary school have shown substantial increases in school enrollment and attendance. Recipients were 20–30 percentage points more likely to be enrolled and attending school as a result of the scholarships. Impacts on learning outcomes were, however, limited (Filmer and Schady, 2008, 2009, and 2011). A new approach to scholarships at the primary level were subsequently tried, using two different targeting mechanisms: one based on the student's poverty level and the other, on baseline test scores ("merit"). Both targeting mechanisms increased enrollment and attendance. However, only the merit-based targeting induced positive effects on test scores. The results suggest that in order to balance equity and efficiency, a two-step targeting approach might be preferable: first, target low-income individuals and then, among them, target based on merit (Barrera-Osorio and Filmer 2013).

For more information on scholarships in Cambodia, click [here](#).

In Pakistan, the Punjab Education Foundation launched an Education Voucher Scheme (EVS) in 2006 to benefit children in less affluent and underprivileged areas, who otherwise could not access education due to financial and social constraints. The scheme was immensely popular due to its positive effects on poorer households. The Scheme enables children aged 4–7 years to attend a nearby EVS private school of their choice for free. It particularly targets out-of-school children, orphans, children of widows and single parents, as well as children who cannot afford school. There are no up-front infrastructure costs, as existing schools express their

interest in participating in EVS. A partnership between a school and EVS is dependent on continuous quality assurance, including school visits and bi-annual quality assurance tests (QAT) that assess improvements in student learning outcomes (Punjab Education Foundation 2014).

For more information on the Education Voucher Scheme, click [here](#).

The Andhra Pradesh state of India has a population of 85 million and a rural poverty incidence of approximately 20 percent. A voucher program was implemented in five districts, with students allocated to schools based on a lottery. The cost of delivering education by means of a voucher to attend private schools was one-third of the cost of delivery in public schools. The cost difference was due to lower teacher salaries, but was offset by hiring more teachers, smaller class sizes, and less multi-grade teaching. Unannounced visits also showed that private schools had a longer school day, a longer school year, fewer teacher absences, more teaching activity, and better school hygiene. After two years, student outcomes, as measured by the average score across all subjects, showed that voucher recipients scored 0.13 standard deviations higher than those who did not receive a voucher. Students who attended private voucher schools also scored 0.23 standard deviations higher than those who did not attend such schools (Muralidharan and Sundararaman 2013).

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Annex I: SABER-Engaging the Private Sector Rubrics

The following tables display the indicators and scales utilized for benchmarking an individual country's policy on private sector engagement in education. Across the four types of private schools, the indicators pertaining to each goal are largely the same; where a certain indicator pertains only to certain school types, this is noted within the table.

Table A1.1 Policy Goal: Encouraging Innovation by Providers

Indicator	Latent	Emerging	Established	Advanced
Teacher standards	The central government has the legal authority to set minimum standards for teachers.	Regional or municipal governments have the legal authority to set minimum standards for teachers, with final review by central authorities.	Regional or municipal governments have the legal authority to set minimum standards for teachers without final review by central authorities.	Schools have the legal authority to set their own teacher standards without final review by central authorities.
Teacher appointment and deployment	The central government has the legal authority to appoint and deploy teachers.	Regional or municipal governments have the legal authority to appoint and deploy teachers. Appointments are subject to final review by central authorities.	Regional or municipal governments have the legal authority to appoint and deploy teachers without review by central authorities.	Schools (i.e., individual school principals, school councils, parent associations, etc.) have the legal authority to appoint teachers without review by central authorities.
Teacher salary	The central government has the legal authority to determine teacher salary levels.	Regional or municipal governments have the legal authority to determine teacher salary levels, with final review by central authorities.	Regional or municipal governments have the legal authority to determine teacher salary levels without review by central authorities.	Schools have the legal authority to determine teacher salary levels without review by central authorities.
Teacher dismissal	The central government has the legal authority to dismiss teachers.	Regional or municipal governments have the legal authority to dismiss teachers, with final review by central authorities.	Regional or municipal governments have the legal authority to dismiss teachers without review by central authorities.	Schools have the legal authority to dismiss teachers without review by central authorities.

Table A1.1 Policy Goal: Encouraging Innovation by Providers

Indicator	Latent	Emerging	Established	Advanced
Curriculum delivery	The central government has the legal authority over how the curriculum is delivered.	Regional or municipal governments have the legal authority over how the curriculum is delivered, with final review from central authorities.	Regional or municipal governments have the legal authority over how the curriculum is delivered without final review from central authorities.	Schools have the legal authority over how the curriculum is delivered without final review by central authorities.
Classroom resourcing	The central government has the legal authority over how resources are allocated to the classroom (e.g., class sizes).	Regional or municipal governments have the legal authority over how resources are allocated to classrooms, with final review from central authorities (e.g., class sizes).	Regional or municipal governments have the legal authority over how resources are allocated to classrooms without final review by central authorities (e.g., class size).	Schools have the legal authority over how resources are allocated to classrooms without final review by central authorities (e.g., class sizes).
Budget autonomy <i>(not applicable to independent private schools)</i>	The central government has the legal authority over the management of school operating budgets.	Regional or municipal governments have the legal authority over the management of school operating budgets, with final review by central authorities.	Regional or municipal governments have the legal authority over the management of school operating budgets without final review by central authorities.	Schools have the legal authority over the management of school operating budgets without final review by central authorities.

Table A1.2 Policy Goal: Holding Schools Accountable

Indicator	Latent	Emerging	Established	Advanced
Student Standards	The national government does not set standards on what students need to learn.	The national government does set standards for what students need to learn, but it does not indicate how well or by when.	The national government does set standards for what students need to learn and also indicates EITHER by when OR how well.	The national government does set standards for what students need to learn, by when, and how well.

<p>Student Assessment</p>	<p>Students do not take standardized exams.</p>	<p>Standardized exams are administered, but not annually.</p>	<p>Standardized exams are administered annually.</p>	<p>Standardized exams are administered annually and results are disaggregated by school, socioeconomic background, gender, and other criteria of student disadvantage.</p>
<p>Inspection</p>	<p>The central government does not require schools to undergo inspections.</p>	<p>The central government requires schools to undergo inspections, but no term is specified.</p>	<p>The central government requires schools to undergo standard term inspections.</p>	<p>The central government requires schools to undergo inspections, with the frequency of inspections depending on the results of the previous inspection.</p>
<p>Improvement planning</p>	<p>Not applicable if the government does not require schools to take part in inspections.</p>	<p>Inspection reports include strengths and weaknesses of the school.</p>	<p>Inspection reports include the strengths and weaknesses of a school, as well as specific priorities for improvement.</p>	<p>Inspection reports include strengths and weaknesses of the school. Schools are required to submit a school improvement plan with specific priorities for improvement following the inspection.</p>
<p>Sanctions and rewards</p>	<p>Sanctions are not administered based on the results of school inspections or school performance on standardized exams.</p>	<p>Sanctions include additional monitoring and/or warnings; they are administered based on the results of school inspections or school performance on standardized exams.</p>	<p>Sanctions include additional monitoring and/or fines, which are administered based on the results of school inspections or school performance on standardized exams. <i>For government-funded, privately managed, and voucher schools: rewards may also be used.</i></p>	<p>Sanctions include additional monitoring, fines, and as a final measure, school closures; decisions are made based on the results of school inspections or school performance on standardized exams. <i>For government-funded, privately managed, voucher schools: rewards are also used.</i></p>
<p>Financial reporting <i>(not applicable to independent private schools)</i></p>	<p>The central government does not require schools to report on the use of public funds as a condition for the continuation of funding.</p>	<p>The government requires schools to report on the use of public funds as a condition for continued funding, but on an ad-hoc</p>	<p>The central government requires schools to report on the use of public funds as a condition for continued</p>	<p>The central government requires schools to report on the use of public funds as a condition for continued funding on a</p>

		basis and not according to a standard-term schedule.	funding according to a standard term.	standard-term basis, with greater monitoring of schools that have failed to adhere to report requirements in the past.
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Table A.1.3. Policy Goal: Empowering All Parents, Students and Communities

Indicator	Latent	Emerging	Established	Advanced
Information	No information is provided to parents on the results of standardized exams or inspection reports.	Ad-hoc information is provided to parents on standardized exam results or inspection reports.	Regular information is provided to parents on standardized exam results or inspection reports.	A variety of sources provide parents regular information provided on standardized exam results (disaggregated by school, socioeconomic background, gender, and other criteria of student disadvantage.) and inspection reports. Policy specifies information on interventions designed to targeted disadvantaged student groups.
Voice	Not applicable if the government does not require schools to take part in inspections.	Neither students nor parents are surveyed as part of the inspection process.	Students and/or parents are interviewed as part of the inspection process.	Student and parents are interviewed as part of the inspection process.
Selection <i>(not applicable to independent private schools)</i>	Schools are allowed to select students based on both academic performance and geography.	Schools are allowed to select students based on academic performance or geography.	Schools are not allowed to select students but schools are not required to use a lottery if oversubscribed.	Schools are not allowed to select students and are required to conduct a lottery if school if oversubscribed.

Table A.1.3. Policy Goal: Empowering All Parents, Students and Communities

Indicator	Latent	Emerging	Established	Advanced
Contributions <i>(not applicable to independent private schools)</i>	Parental choice is restricted by compulsory monetary parent contributions that, if not paid, prohibits a child from attending the school.	Parental choice is restricted by voluntary monetary contributions (i.e., contributions to a school fund).	Parental choice is restricted by voluntary nonmonetary contributions (i.e., in-kind labor or goods) to a school.	Parental choice is not restricted by any type of required parental contributions.
Financial support <i>(for independent private schools only)</i>	The central government does not provide tax subsidies or cash transfers to families whose children attend private schools.	The central government provides tax subsidies to families whose children attend private schools.	The central government provides tax subsidies and cash transfers to families, which can be used to enable their children to attend private schools.	The central government provides targeted cash transfers that can be used by disadvantaged students attending private schools.

Table A.1.4. Policy Goal: Promoting Diversity of Supply

Indicator	Latent	Emerging	Established	Advanced
Ownership	The central government allows one of the following types of organizations to operate schools: Community Not-for-profit Faith-based For-profit	The central government allows two of the following types of organizations to operate schools: Community Not-for-profit Faith-based For-profit	The central government allows three of the following types of organizations to operate schools: Community Not-for-profit Faith-based For-profit	The government allows all of the following types of organizations to operate schools: Community Not-for-profit Faith-based For-profit
Certification standards	Certification standards, which are not linked to education outcomes, restrict market entry. These include all of the following: 1. land (undulating, distance from public venues, etc.) 2. facilities (separate science labs, weather vanes, etc.)	Certification standards, which are not linked to education outcomes, restrict market entry. These include two of the three following criteria: 1. land (undulating, distance from public venues, etc.) 2. facilities (separate science labs, weather vanes, etc.)	Certification standards, which are not linked to education outcomes, restrict market entry. These include one of the three following criteria: 1. land (undulating, distance from public venues, etc.) 2. facilities (separate science labs, weather vanes, etc.)	Certification standards, which are not linked to education outcomes, do not restrict market entry.

Table A.1.4. Policy Goal: Promoting Diversity of Supply

Indicator	Latent	Emerging	Established	Advanced
	3. assets (ownership of land or buildings)	etc.) 3. assets (ownership of land or buildings)	3. assets (ownership of land or buildings)	
Market entry information	Registration/certification guidelines are not officially outlined.	Registration/certification guidelines are not made public and available only upon request.	Registration/certification guidelines are made public, but by a single source.	Registration/certification guidelines are made public and by multiple sources.
Regulatory fees	Schools are able to operate while paying four or more types of fees.	Schools are able to operate while paying two to three types of fees.	Schools are able to operate while paying one type of fee.	Schools are able to operate without paying fees.
Tuition fees <i>(for independent private schools only)</i>	The central government sets standardized tuition fees.	The central government does not set standardized tuition fees, but imposes a tuition cap (an overall amount or percentage increase).	Schools set fees, but those fees are subject to review by the central government.	Schools set fees without any review by the central government.
Funding <i>(not applicable to independent private schools)</i>	Academic operating budgets are not equivalent to per-student funding amounts in public schools.	Academic operating budgets are equivalent to per-student funding amounts in public schools.	All budgets — academic and other, such as for facilities and transport — are equivalent to per-student funding amounts in public schools. Schools do not receive targeted funding to meet specific student needs.	All budgets — academic and other, such as for facilities and transport — are equivalent to per-student funding amounts in public school. Schools receive targeted funding to meet specific student needs.
Incentives <i>(not applicable to independent private schools)</i>	No incentives exist.	Schools are supported by one of the following: 1. start-up funding similar to that provided to public schools	Schools are supported by two of the following 1. Start-up funding similar to that provided to public schools 2. access to government land	Schools are supported by all of the following 1. Start-up funding similar to that provided to public schools

Table A.1.4. Policy Goal: Promoting Diversity of Supply

Indicator	Latent	Emerging	Established	Advanced
		<p>2. access to government land or unused government facilities</p> <p>3. exemption from local taxes (i.e., property taxes) similar to that granted to public schools</p>	<p>or unused government facilities</p> <p>3. exemption from local taxes (i.e., property taxes) similar to that granted to public schools</p>	<p>2. access to government land or unused government facilities</p> <p>3. exemption from local taxes (i.e., property taxes) similar to that granted to public schools</p>
Planning <i>(not applicable for independent private schools)</i>	<p>Schools are provided information on the allocations to be transferred to them less than 1 month before the start of the academic year.</p>	<p>Schools are provided information on the allocations to be transferred to them between 1 and 3 months before the start of the academic year.</p>	<p>Schools are provided information on the allocations to be transferred to them between 4 and 6 months before the start of the academic year.</p>	<p>Schools are provided information on the allocations to be transferred to them more than 6 months before the start of the academic year.</p>
Coverage <i>(for privately managed schools only)</i>	<p>Coverage of charters is restricted by three of the following:</p> <ol style="list-style-type: none"> 1. student numbers 2. school numbers and location (i.e., certain cities or districts) 3. only new or only existing schools are able to become charters 	<p>Coverage of charters is restricted by two of the following:</p> <ol style="list-style-type: none"> 1. student numbers 2. school numbers and location (i.e., certain cities or districts) <p>No restrictions due to new/existing school status.</p>	<p>Coverage of charters is restricted by one of the following:</p> <ol style="list-style-type: none"> 1. student numbers 2. school numbers and location (i.e., certain cities or districts). 	<p>No restrictions. Charters are not restricted by student numbers, school numbers, or location (i.e., certain cities or districts).</p>

The Systems Approach for Better Education Results (SABER) initiative collects data on the policies and institutions of education systems around the world and benchmarks them against practices associated with student learning. SABER aims to give all parties with a stake in educational results—from students, administrators, teachers, and parents to policymakers and business people—an accessible, detailed, objective snapshot of how well the policies of their country's education system are oriented toward ensuring that all children and youth learn.

This report focuses specifically on policies in the area of engaging the private sector in education.

This work is a product of the staff of The World Bank with external contributions. The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of The World Bank, its Board of Executive Directors, or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of The World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

