

# **Higher Education Reforms Project (HERP)**

## **Report on**

### **Achievement of Disbursement Linked Indicators**

#### **Fourth Report for Disbursement Claim**

**(Year 2 - 1st Claim, 2016/17)**



**University Grants Commission (UGC),**

**Sanothimi, Bhaktapur Nepal**

**2017**

## Table of Contents

### Acronyms

Executive Summary .....	1
1 Introduction.....	4
2 Process of DLI Achievement Report Compilation.....	4
2.1 University Grants Commission Components.....	4
2.2 Tribhuvan University Components.....	5
2.3 Student Financial Assistance Fund Development Board Component .....	5
3 Progress in the Achievement of DLI Targets .....	7
3.1 DLI 1 .....	7
3.2 DLI 2 .....	7
3.3 DLI 3 .....	8
3.4 DLI 4.....	8
3.5 DLI 5.....	9
3.6 DLI 6.....	10
3.7 DLI 7 .....	10
4 DLI targets, Achievements, and Pricing .....	12
5 Eligible Expenditure Programs (EEPs).....	13
Overall DLI claim status .....	14
6 Challenges Encountered and Lessons Learned.....	15
7 Conclusion .....	17

## **Annexes**

Annex A: UGC Regulation on Quality Assurance and Accreditation, 2074

Annex B1: List of Community Campuses Selected for Performance Based Funding under DLI 2

Annex B2: List of TU Constituent Campuses Selected for Performance Based Funding under DLI 2

Annex B3: List of Community Campuses that received Performance Based Grants under DLI 2 in Year 1 and Year 2

Annex B3.a: List of Community Campuses that received Performance Based Grants under DLI 2 in Year 1

Annex B3.b: List of Community Campuses that received Performance Based Grants under DLI 2 in Year 2

Annex B4: List of TU Constituent Campuses that received Performance Based Grants under DLI 2 in Year 1 and Year 2

Annex B4.a: List of TU Constituent Campuses that received Performance Based Grants under DLI 2 in Year 1

Annex B4.b: List of TU Constituent Campuses that received Performance Based Grants under DLI 2 in Year 2

Annex C1: Autonomy Decision by TUEC for Padma Kanya College (DLI 3)

Annex C2: Autonomy Decision by TUEC for Mechi Campus (DLI 3)

Annex C3: TUEC Decision regarding Academic Autonomy to Lumbini Baniijya Campus and Kailali Multiple Campus (DLI 3)

Annex D1: Masters' Level Programs: Academic Calendar Compliance including Result Publication Dates of Masters Level (DLI 4)

Annex D2: Results of Regular Centralized Bachelor's Programs Published: Academic Calendar Compliance including Results Publications Dates (DLI 4)

Annex E: List of Programs Supported under DLI 5

Annex F: List of Selected Research Projects (DLI 7a)

Annex G: Eligible Expenditure Program:

(i) Attachment 6 - Statement relating to roll-over of Eligible Expenditure Programs and DLI amounts for Category 1

(ii) Salary Expenditures of TU Institutions (FY 2073/74)

## **Acronyms**

DLI	Disbursement Linked Indicators
EEP	Eligible Expenditure Programs
FA	Financing Agreement
FBF	Formula Based Funding
FY	Fiscal Year
GoN	Government of Nepal
HERP	Higher Education Reforms Project
HSE	Higher Secondary Education
IDA	International Development Association
PBF	Performance Based Funding
PMT	Proxy Means Testing
PU	Purbanchal University
QAAA	Quality Assurance and Accreditation Agency
QAAC	Quality Assurance and Accreditation Council
QAAD	Quality Assurance and Accreditation Division
RDI	Research Development and Innovation
SDR	Special Drawing Rights
SFAFDB	Student Finance Assistance Fund Development Board
SLC	School Leaving Certificate
TU	Tribhuvan University
TU-PIO	Tribhuvan University Project Implementation Office
UGC	University Grants Commission
USD	United States Dollar

## Executive Summary

This is the progress report of the second year of the Implementation of the Higher Education Reform Project (HERP), the fourth Disbursement Linked Indicators (DLIs) based progress report and disbursement claim, 1<sup>st</sup> claim of the second year up to 2074 Jestha 31 (June 14, 2017). The report covers HERP implementation progress and target achievements made by the all the implementing agencies including the University Grants Commission (UGC), Tribhuvan University Project Implementation Office (TUPIO) and Student Financial Assistance Fund Development Board (SFAFDB).

The following is a brief summary of the activities, achievements and DLI claim by 5 Asadh 2073/74 (June 19, 2017):

### I. DLI 1

The UGC regulation granting functional autonomy to the QAA System have been endorsed by the government on 2074 Baishak 25 (May 8, 2017). UGC is on the process of completing the set up in accordance with the regulation. Further in this DLI, the achievement of 17 institutions accredited against the cumulative target of 30 remained short of the target of 8 institutions accredited in year one and the threshold of additional 10 institutions accredited in year two. There is no DLI based reimbursement claim on DLI1 this time.

### II. DLI 2

The DLI 2 target for the 2<sup>nd</sup> year is to select additional 45 campuses cumulating to 90 for participation in HERP and make provisions of performance based funding (PBF). The accomplishments included selection of 131 campuses – 111 community campuses, and 20 TU constituent campuses. Grants provisions are made to 92 campuses (102.22%) 87 community campuses and 5 constituent campuses. Performance Based Regular UGC grants have been provided to 471 community campuses. Formula Based Funding (FBF) have been provided to 3 Universities and 7 TU Autonomous campuses. Further, performance grants have been provided to 63 community campuses selected for the 1<sup>st</sup> cohort accomplishing 140% of the 45 target for year one. DLI based disbursement claims are being made here for 100% achievement for 2nd year as well as the remaining 53% for the year one (In year the claim was for 21 institutions (47%) only. **The total claim is SDR 1583720.00 for DLI 2.**

### III. DLI 3

DLI 3 targets for the second year is to ensure that (i) 2 TU additional constituent campuses get institutional autonomy, cumulating to the target of 4 and (ii) 2 autonomous constituent /accredited constituent or affiliated campuses get academic autonomy. In the second year, TU has granted institutional autonomy to 2, total cumulating to 3. Further TU has already granted academic autonomy to 2 institutions, they are in the process getting authorisation to manage their own examination. DLI based disbursement claims are being made for 100% achievement regarding institutional autonomy granted in the 2nd year which is **SDR 517,500.00.**

#### IV. DLI 4

Earlier in year one the targets of DLI 4 for the year were not only fully met but also achieved more, covering more than the targets for year 2: 7 centralized master level programs adhered to the academic calendar and results of the centralized examination of Bachelor's Programs have been published within an average of 5 months and 13 days from the last date of the examinations. In the 2<sup>nd</sup> year further 10 centralized Master level programs adhered to their academic calendars meeting all the targets of 15 program years covering the remaining targets of year 3, 4 and 5. The result of the centralized Bachelors level was published in 5 months and 23 days, which is within the target but not shorter than the year one period. DLI based disbursement claims are being made here for 100% achievement for 3, 4 and 5 regarding the targets achieved for all three years, which is **SDR 1,552,941.18**.

#### V. DLI 5

DLI 5 target for the 2<sup>nd</sup> year of HERP implementation is to support additional 60 new academic programs in priority areas and/or revised programs introduced with total cumulative target of 80 (target for year 1 was 20). The achievement in this DLI is 10 new programs in priority areas meeting the minimum threshold of at least 10 programs selected for year 1. DLI based disbursement claims are being made here for 50% of the year 1 target accomplished, which is **SDR 517500.00**.

#### VI. DLI 6

DLI 6 target for year two is to complete selection of the second cohort of 3000 (including 500 SLC graduates who join science stream at higher secondary level and 2500 HSE graduates who join Bachelors level in any stream) cumulating to selection of 6000 students for scholarships and funds released to them. A total of 3177 students (including 677 HSE level students and 2500 Bachelor's level students) have been selected and funds release are on the process, which will be accomplished by the end of June. There is no claim in this reporting period for DLI 6.

#### VII. DLI 7

DLI 7 has two subcomponents: 7 (a) UGC sub component of selecting and granting funds to 150 projects in year 2 and; 7 (b) TU sub component of selecting additional 10 faculties in year 2 cumulating to 20, following Recruitment and Promotion Rule based on academic excellence. Under the UGC sub-component a total of 125 research projects have been selected funds will be released upon completion of the tasks and on basis of the claims made. Further 340 projects will be selected in this fiscal year. The process of achieving the targets of the TU subcomponent is on the process. There is no claim in this reporting period for DLI 7.

#### Total DLI Claim and EEP

The total pricing of DLI achieved for this period is SDR 4171661.18 (Approximately USD 5895870) which is the sum of eligible claims of SDR 1583720.00 for DLI 2; 517500.00 for DLI 3; 1552941.18 for DLI 4; and 517500.00 DLI 5.

The total Eligible expenditure amount of the reported period is NPR 3,248,926,352.88. The EEP claim amount (20% of EEP) is NPR 649785270.58 which is approximately SDR 4,572,603.66 (1 SDR= NPR 142.104). Moreover the EEP claim carry over from the last claim period (Year 1, 1<sup>st</sup> claim) is SDR 2921353.89. Therefore the total EEP claim for the 2<sup>nd</sup> claim period is SDR 7493956.55 approximately. Hence UGC request the World Bank to disburse SDR 4,572,603.66 to GoN treasury against the DLI earned amount as per the financing agreement. The remainder of the EEP claim of SDR 3322295.37 will be carried over to the next reporting period.

## **1 Introduction**

Following the financing agreement (FA) signed between Government of Nepal (GoN) and International Development Association (IDA) regarding Higher Education Reform Project on April 06, 2015, UGC has prepared this DLI achievement report for withdrawal of year two by compiling and consolidating reports from Tribhuvan University Project Implementation Office (TUPIO) and Student Finance Assistance Fund Development Board (SFAFDB), to achievement of UGC's own part. This report covers withdrawal under sub-category (1) disbursements according to the achievements stated in DLI 1 - DLI 7.

## **2 Process of DLI Achievement Report Compilation**

### **2.1 University Grants Commission Components**

UGC has been mobilizing its organizational set up, human resources and office facilities in coordinating implementation of HERP as well as implementing major components of the project. Administration Division, Finance Division, Planning Division, Monitoring Division and EMIS section are mobilized to ensure effective and efficient implementation of HERP activities through overall project implementation planning, monitoring, administration and financial management. Specifically in terms of DLIs, Quality Assurance and Accreditation Division (QAAD) follows on assessment and accreditation of the participating HEIs addressing DLI1 progress.

UGC had revised its regulation to strengthen the capacity of QAA system towards making it functioning autonomous unit making it more capable and credible to undertake the process of assessment and accreditation independently. The government has recently endorsed the regulation, and accordingly UGC is in the process of setting up QAA Council with QAA Division (QAAD) as its Secretariat. The QAA council will consist of 11 members chaired by the UGC Chairperson, and with UGC Member Secretary, Joint Secretary (Higher Education) Ministry of Education, Chairpersons or their representatives of selected 4 Professional Organizations, UGC nominated 3 Professors from different subject area faculties as the members and QAA Director of QAAD as the Member Secretary.

UGC Reform Unit supports HEIs participating in HERP to undertake reform and development activities with performance based funding relating to DLI 1, DLI 2, and DLI 5, as well as part of DLI 3 concerning universities other than TU. The Reform Unit also coordinates with TU PIO as well as SFAFDB for collection of informing and data and compiles the information for preparing progress reports and the DLI achievement report.

Education Management Information System (EMIS) Section maintains EMIS data, undertakes overall development of higher education information management system, and also supports the participating institutions in the development of their respective EMIS. It also supports Reform Unit in following the implementation progress in terms of key project indicator (KPIs) and intermediate project implementation indicators.



Research Division (RD) has prepared database relating to research funding activities including research support, fellowships, and institutional support as well as publication of the research projects funded by UGC. UGC research related documents are also part of the system. RD publishes the announcement for submission of proposals by prospective MPhil and PhD students, faculty researchers, as well as institutions for competitive selections for research funding and scholarships. It follows the guidelines for research funding processes including competitive selection of the proposals, making arrangement for agreements, ensuring disbursements, and follow up and monitoring the research progresses.

Planning Division prepares annual work plan and budget and ensures endorsement from UGC as well as the government including MOE and NPC. It also follows on fund release from the government. The Monitoring and Evaluation Division has database of the community campuses focusing on the regular grants provision, development support and progress, and monitoring. It follows on the HERP implementation progress and reporting to MOE and NPC.

## **2.2 Tribhuvan University Components**

TU has set up TUPIO which includes Finance Section, EMIS Section, Administrative Section, Procurement Section and Monitoring Section, to undertake HERP implementation. It also mobilizes Office of the Controller of Examination (OCE), TU Finance Division, Central Departments, Autonomous and Decentralized campuses, as well as affiliated campuses. TUPIO coordinates and compiles the information for preparing the baseline and progress data from all these entities. The report and the data are submitted to UGC to prepare comprehensive baseline and progress report.

TUPIO maintains the information relating to HERP information of participating beneficiary institutions including constituent as well as affiliated campuses regarding performance based funding, institutional autonomy and academic autonomy, examination reform and implementation of academic calendar, revision of academic programs and new programs, implementation of parallel system for appointment and promotion of faculties. It also compiles and prepares comprehensive regular implementation progress reports, eligible expenditure programs and maintains the data. TUPIO also keeps the record of all MOUs and contracts relating to TU components of HERP.

TUPIO monitoring section, in coordination with EMIS, finance and other sections maintains records relating to all TU components of HERP including grants provision, progress, and monitoring.

## **2.3 Student Financial Assistance Fund Development Board Component**

SFAFDB has Finance Section, Administrative Section, Procurement Section and Monitoring Section to undertake HERP implementation. It has also mobilized Department of Education (DEO), Rastriya Banijya Bank (RBB), Higher Secondary Education Board (HSEB) and other stakeholders. SFAFDB coordinates and compiles the information for preparing the baseline and

progress from all these entities. The report and the data are submitted to UGC to prepare the comprehensive DLI achievement report.

SFAFDB maintains the information relating to student financial assistance components of HERP. It also compiles and prepares comprehensive regular implementation progress reports and maintains progress data. SFAFDB also keeps the record of all MOUs and contracts relating to SFAFDB components of HERP.

To complete the baseline under DLI 6, SFAFDB has developed new student application form based on the PMT targeting model derived from NLSS–2010 data. New scoring system, including web-based students' database, has been developed.

### **3 Progress in the Achievement of DLI Targets**

#### **3.1 DLI 1**

The revision of the regulation of UGC granting functional autonomy to the QAA System have been endorsed by the government on 2074 Baishak 25 (May 8, 2017) Annex A. According to the regulation there will be 11 member Quality Assurance and Accreditation Council. QAA Division will work as the Secretariat to the Council with the Director as the Member Secretary. UGC is on the process of completing the set up in accordance with the regulation.

The DLI1 target for year two of HERP implementation is to achieve accreditation of additional 10 institutions. The cumulative target is to achieve accreditation of 30 institutions. The actual achievement was 4 institutions accredited in year 1 and additional one institution in year two with cumulative achievement of 17 including the baseline achievement of 12.

There has been significant progress in terms of activities in the participating institutions – Peer Review (PR) have already been completed in additional 2 campuses, thus completing QAA cycles. These two campuses need to accomplish some recommendations generated during the Peer review to get accredited. QAA technical committee has approved Self Assessment Reports of 30 institutions and recommended for the formation of Peer Review Teams. QAAC has formed Peer Review Teams for additional 21 institutions that have successfully completed finalization of their self assessment. The final self assessment reports of these institutions are being reviewed by the respective Peer Teams out of which 15 are considered for field based study and pre-visits are accomplished, towards preparing for the final field based study by the PRT. Overall, 257 institutions have been listed for engagement in QAA process with their Letter of Intents accepted, out of which 60 institutions have reached the final stage of Peer Review system -- 17 are already accredited, 5 in the process of reaccreditation, 21 are in the process of PRT review and rest at different stages of finalization.

#### **3.2 DLI 2**

The DLI 2 target for the 2<sup>nd</sup> year is to select additional 45 campuses cumulating to 90 for participation in HERP (the first year target was 45) and make provisions of performance based funding (PBF). The minimum threshold for DLI claim is selection and PBF disbursement to 30% of the target number following the project implementation manual (PIM). The accomplishments included of selection 131 campuses —111 community campuses, and 20 TU constituent campuses (Annex B1 and B2). Grants provisions are made to 92 campuses (102.22%) - 87 community campuses and 5 constituent campuses, according to their performance progress as per PIM provisions. (Annex B3.b and B4.b)

Assessment of the performance progress and accordingly grants provisions are being processed for the remaining participating campuses. Further, three universities including Kathmandu University, Pokhara University and Purbanchal University are provisioned for Formula Based Funding (FBF).

All three universities are getting Formula Based Funding (FBF) since year 1. Formula based earmarked block grants have been provisioned for 7 TU Autonomous campuses.

Performance Based Regular UGC grants have been provided to 471 community campuses. (Please visit [www.ugcnepal.edu.np](http://www.ugcnepal.edu.np) for details).

### **3.3 DLI 3**

DLI 3 targets for the second year is to ensure that (i) 2 TU additional constituent campuses get institutional autonomy cumulatively achieving 4 TU constituent campuses getting autonomy, and (ii) additional 2 autonomous constituent /accredited constituent or affiliated campuses get academic autonomy. In year 2 additional two campuses achieved autonomy: Padma Kanya Campus, Kathmandu on 2073 Magh 18 (January 31, 2017) and Mechi Multiple Campus on 2074 Jestha 5 (May 19, 2017), see Annex C1 and C2. Thus the target of year two regarding institutional autonomy has been met. Earlier in year 1 Public Administration Campus, Kathmandu got autonomy status on 2072 Mangsir 19 (December 5, 2015). Cumulatively, the achievement is 3 campuses against the target of 4 by this reporting period. DLI costing claim for the year one achievement has been already reimbursed, claim is being made with this reporting for the two new autonomy achieved.

The other activities and progress include granting of academic autonomy to Kailali Multiple Campus for running new Master level program on MBA in Entrepreneurship and to Lumbini Banijya Campus for MBA in Banking and Financing. See annex C3.

TU-PIO had announced a notice on June 16, 2016 calling for application from TU autonomous and affiliate accredited campus regarding academic autonomy. Applications were received from two TU constituent autonomous campuses Mahendra Ratna Campus Ilam and Central Technology Campus Dharan. Similarly five TU affiliated and accredited campuses including Kailali Multiple Campus (Far-west), Lumbini Banijya Campus (West), Janapriya Multiple Campus (West), Shaheed Smriti Multiple Campus (Middle) and Damak Multiple Campus (East) have applied for academic autonomy with proposals of running different market oriented new programs.

### **3.4 DLI 4**

In year one DLI targets were to ensure that (i) academic program years of 3 program years of centralized masters' program adhered to. (ii) average time taken for publication of results of regular centralized Bachelor's programs under the faculties of Humanities and Social Sciences, Management and Education are within 7 months from the examination date, on an average. Both the targets were not only met for year 1 but also for year 2. The year two targets are the academic calendar of 3 additional program years of centralized masters' program adhered to; and average time taken for publication of results of regular centralized Bachelor's programs under faculties of humanities and social sciences, management and education bought within six months.

### ***Enforcement of Academic Calendar of Centralized Master's Level***

Academic calendar of ten program-years of Master's level programs operating under the annual system, for which examinations are administered by the Office of the Controller of Examinations (OCE), have been completely adhered to compared to the year two target of six. The targeted programs in the year two are: second year Gender Studies, Population, History, Maithili, Culture, Geography, Nepali, Pol. Science, Rural Development and Sociology/ Anthropology. See annex D1 for information related to TU academic calendar and students' result publication date. One program, M.Ed program, met all other datelines of the proposed academic calendar except the dateline of examination result publication.

### ***Bachelors level examination results published within stipulated time***

The target of year two is to ensure that the examination results of Bachelor's Level be published within six months (180 days) from the last date of examinations. The programmed result publication schedule as per academic calendar and the actual result publication date are given in Annex D2. The table shows that the third year results of all the subjects were published in an average of 4 months & 29 days. On an average, second year's results were also published in 6 Months & 8 days. Similarly the first year result is published in an average of 6 Months & 2 days. On average, Office of the Controller of Examinations (TU) took **5 months and 23** days to publish Bachelor's Level results from the last date of its examinations compared to the year- two target of 6 months. See annex D2. Result publication of BBS first year is on the pipeline. However, the time taken for publication of results could not be reduced further in year two because of interruptions associated with the recent student election and also, TU staff election.

## **3.5 DLI 5**

DLI 5 target for the year two is to ensure additional 40 new academic programs in priority areas introduced or revised, earlier in year one the target was 20. Public announcements were made annually calling for submission of applications from prospective HEIs by March both in year 1 and year 2. By this reporting period ten programs met all the requirements criteria listed in the project implementation manual and submitted full documents as per criteria and requirements to be qualified for the grants Please refer annex E for the list of programs supported under DLI 5. The achievement fell short of the targets, but meets the threshold for year 1.

In the second year a total of 53 applications have been received from different prospective institutions which are being evaluated, while others are on the process of further clarifications. The other applying institutions are on the process of clarifying/producing evidences for following procedures of verification as per PIM requirements.

The guidelines for HERP support and the frame work of the national priorities were approved by UGC as a constituent part of PIM on June 1, 2015. The PIM was revised on December 16, 2016 (2073/9/1). The revised PIM as well as the framework of national priorities are available on UGC website ([www.ugcnepal.edu.np](http://www.ugcnepal.edu.np)).

### **3.6 DLI 6**

DLI 6 target for year two is to complete selection of the second cohort of 3000 (including 500 SLC graduates who join science stream at higher secondary level and 2500 HSE graduates who join Bachelors level in any stream) and funds released to them. The selection is based on Proxy Means Test (PMT) according to economic status in terms of 5 quintiles ranking and the scholarships are provided to the poorest in the bottom two quintiles. A total of 3177 students (including 677 HSE level students and 2500 Bachelor's level students) are selected (see [www.sfafdb.edu.np](http://www.sfafdb.edu.np) for the list). The selection of 177 students in addition to the target of 500 HSE level students has been provisioned to compensate shortage in year one selection at the corresponding level. The funds release to the selected students are on the process, which will be accomplished by the end of June 2017. The process include opening of the accounts in the RBB (Rastriya Banijya Bank) individually in a branch of their convenience and also submit necessary documents including "student bond" and "study continuation letter" from the respective school or college. SFAFDB coordinates with RBBL for collecting these documents, opening the students' individual accounts and online data entry of these documents and transfer of grants amount to the students' individual account. The funds are released following the ACF order from SFAFDB to the bank which is prepared on the basis of the matching verification of the student selection and their accounts in the bank.

The targets for year 2 are yet to be met fully to claim the disbursement under this DLI.

The other activities and progress

- SFAFDB had collected 2214 forms for Higher Secondary School level science education and 12552 for Bachelors level out of which 840 at the higher secondary level and 4351 at the Bachelors level were found qualified for selection rating (belongs to poorest two quintiles) after the PMT ranking verifications. The students selected include about 73% boys and 27% girls at higher secondary level and 39% boys and 61% girls at the Bachelors level respectively.
- The households of the 10% of the total applicants selected for field based verification survey following cluster based random sampling process. The survey indicated that about 28% at the higher secondary level and 27% at the Bachelors level are likely to differ from the form filled information.

### **3.7 DLI 7**

This DLI has two subcomponents DLI-7 (a) UGC sub component and DLI-7 (b) TU sub component.

Under the UGC sub-component the target for year 2 includes i) Second batch of projects (at least 150) selected and ii) funds released as per schedule. UGC has already selected the second batch of 125 research projects including research methodology trainings, academia-industry dialogue and research seminar/workshop. See annex F. The fund provisions have been earmarked to be provided

upon completion of the projects and submission of the reports. Selection process are on-going for further 340 awards covering the provisions for further categories including Collaborative Research, Faculty Research, PhD and MPhil Fellowship, MPhil and Master thesis preparation support, small research, development and innovation grants. The selection process will be complete by June and funds will be released by this fiscal year as per schedule.

The TU subcomponent deals with the implementation of recruitment and promotion track for hiring the faculty. The target for year one and also for subsequent years is to recruit additional 10 faculties each year following this mode, with threshold of at least achieving 50% of the target each year. Selection and recruitment of the faculties are on the process.

There is no DLI disbursement claim for DLI 7 this time, the claim will be made in the next claim reporting.

The other activities and progress

- TU has adopted the Recruitment and Promotion Rule based on academic excellence on May 15, 20 (Jestha 1, 2072). This Rule differs from the main stream Rule for promotion in terms of the weighting it assigns to the scholarly achievements such as publication in referred journals and supervision of PhD students, which is significantly higher than that of the main stream. The rule has been posted on TU website and UGC website ([www.ugcnepal.edu.np](http://www.ugcnepal.edu.np)).
- TU Executive Council has decided for the appointment of 18 faculties in permanent positions allocating 7 professors and 5 associate professors in different Central Departments of Institute of Science Technology, one professor and one associate professor each in; Institute of Agriculture & Animal Science, Institute of Forestry, and Institute of Engineering. TU Service Commission has initiated it by publishing the vacancy announcement notice in national daily - The Gorkhapatra. According to TU Service Commission total of 66 applications are received for different positions and the selection process is on track. TUSC has completed the first round of evaluation. The interview and final result is expected to complete before the end of June, 2017.

#### 4 DLI targets, Achievements, and Pricing

The Table below lists the targets and achievement progress for the year one by June 17, 2017.

**Table 3.1: Achievements of targets for DLI 1-7 in FY 2015/16**

<b>DLI Description</b>	<b>FY 2016/17 Target</b>	<b>FY 2015/16 Achievement</b>	<b>Percentage of target achieved</b>	<b>Sub-DLI Pricing, SDR – as per FA</b>	<b>Remarks</b>
DLI-2: Performance-Based Financing Extended to Higher Education Institutions	Total target 90: (Second group of 45 campuses) selected and 2 <sup>nd</sup> year performance grants fund released	Total selected 131 (Second group of 66 selected)  2 <sup>nd</sup> year performance grants released to total of 92 campuses	100% of the second year target achieved	1035111.11	Total campuses 131 (111 Community + 20 TU Constituent), see Annex B1 and B2;  Performance Grants released to 87 community campuses (annex B3.b) and 5 TU constituent campuses (annex B4.b)
	Year 1 - First group of 45 HEIs selected as per PIM, MOUs signed; and first tranche of performance based grants released	Performance grants of the first year released to additional 63	Remaining 53% of the first year target achieved	548608.89	57 Community (annex B3.a) and 6 TU Constituent campuses (annex B4.a) = 63 HEIs;  Earlier in year 1 it was released to 21 campuses (47% of the total annual target); Remaining claim: 0.53x1035111.11= 548608.89
	Total Claim for DLI 2:			<b>1583720.00</b>	
DLI 3:	Autonomy granted to 2 additional campuses (Cumulative 4)	Additional 2 Campuses granted autonomy in the 2 <sup>nd</sup> year	100% of year 2;  75% of the Cumulative target	<b>517500.00</b>	Total claimed for autonomy granted to 3 campuses: 776250, see annex C1, C2, C3;  Earlier in year 1 autonomy was granted to 1 campus;  Earlier DLI claim reimbursed: 258750.
DLI 4: Examination reforms implemented and academic calendar enforced in TU	Additional Academic calendar of three program-years of centralized Master's programs adhered to in the second year	Academic Calendar of 17 adhered to academic calendar	100% of the target of year 2 achieved in year 1; 100% of the target of Year 3, 4 and 6	<b>1552941.18</b>	All the targets for year 3, 4 and 5 achieved in the 2 <sup>nd</sup> year;  For Year 3, 4 and : SDR 517,647.06x 3 = 1552941.18



DLI Description	FY 2016/17 Target	FY 2015/16 Achievement	Percentage of target achieved	Sub-DLI Pricing, SDR – as per FA	Remarks
	Cumulative target of 6 Master level programs adhered to Academic Calendar		achieved		Earlier, fund released against the achieved in year 1 covering the targets of Year 1 and Year 2;  Earlier in year 1 Academic Calendar of seven program years of centralized master program adhered to;  Annex D1 and D2
DLI 5: Academic reforms introduced : Revision of existing and introduction of new programs at undergraduate and graduate levels	Cumulative target 80 (Year 1 target 20; year 2 target 60)	A total of 10 new programs introduced/added	50% of year 1	<b>517500.00</b>	Claim: 50% of 1035000;  Annex E
<b>Total Value (SDR)</b>				<b>4,171,661.18</b>	

Thus the total DLI pricing cost for the period of 4<sup>th</sup> overall progress report period (Year 2 implementation 1<sup>st</sup> progress report) is SDR **4,171,661.18**.

Copies of supporting documents relating to achievement under each of the DLIs are included in Annexes A through G. These documents are also uploaded in UGC web- sites ([www.ugcnepal.edu.np](http://www.ugcnepal.edu.np)). TUPIO and SFAFDB have also uploaded the documents of respective baseline DLIs in their respective web-sites ([www.tuherp.edu.np](http://www.tuherp.edu.np); [www.sfafdb.edu.np](http://www.sfafdb.edu.np)). –

### **5 Eligible Expenditure Programs (EEPs)**

For the 1<sup>st</sup> claim period of year two, the total salary expenditure of TU and its constituent campuses/ schools/ departments verified and reported for the period i.e., the Eligible Expenditure Programs (EEP), by 2073 Shrawan 1- 2073 Falgun 30 (16 July 2016 – March 13, 2017) was NPR 3213322352.88. The EEP under scholarship budget head 350139 was NPR 35604000.00. The total EEP reporting for this period is NPR 3,248,926,352.88. The EEP claim amount (20% of EEP) is NPR 649785270.58 which is approximately SDR 4,572,603.66 (1 SDR= NPR 142.104). Moreover the EEP claim carry over from the last claim period (Year 1, 2<sup>nd</sup> claim) is SDR 2921353.89. Therefore the total EEP claim for the 1<sup>st</sup> claim period of year two (this 4<sup>th</sup> report) is SDR 7493956.55 approximately.

The table below lists the expenditures made under Eligible Expenditure Programs (EEPs) with the sub-budget heads and the corresponding amounts.

**Table 5.1: Expenditures under EEPs (DLI Report 4 - Year 2 Report 1)**

SN	EEP	EEP in NPR	20% of EEP in NPR	EEP in SDR @ NPR 142.104 = 1 SDR (June 15 2017)
1	EEP carried forward of unutilized/ undisbursed expenses in DLI Reporting 3	--	--	2921352.89
2	TU's budget heads 001 (ka), 001 (kha), 002, 003, 003 (ka); as of July 15, 2016 (deducting the EEP of NPR 1,519,877,258.27 claimed against the DLI Report 2	3213322352.88	642664470.58	4522493.88
3	Scholarships to students funded under the budget head 350139: HERP	35604000.00	7120800.00	50109.78
4	Sub-total of EEP: SN 2 to 7	3,248,926,352.88	649785270.58	4572603.66
5	Total EEP as of , this 4th reporting period including the EEP amount carried forward of unutilized/ undisbursed expenses in DLI Reporting 3			7493956.55

#### **Overall DLI claim status**

Earlier in the baseline year, almost all of the baseline year activities were accomplished and the baseline DLIs targets were met. Year one 1<sup>st</sup> and 2<sup>nd</sup> claim periods (both reporting periods) achieved parts of the targets for the year baseline and first and also followed on the roll over claims from the previous year with additional EEPs of the year. The 1<sup>st</sup> claim period of the year two achieved parts of the target of baseline year (QAA Regulation endorsed), parts of the targets of year one (53% of DLI 2 and 50% of DLI 5) and year 2 targets relating to DLI 2, 3, and 4. The following table lists the total amount earned against the DLIs earned in the four claim periods between year zero and June 17.

<b>DLI Claim period</b>	<b>DLI progress based Disbursement Claim</b>	<b>EEP based disbursement Claim (20% of total EEP)</b>	<b>Rollover to the next claim period</b>	<b>Comment</b>
Year Zero Claim June 15, 2015	SDR 5.951 million (equivalent US\$ 8.625 million)	US \$ 6.119 million by the baseline year reporting period of June 15, 2015	US \$2.506 DLI Progress Claim	(1 US \$ = NPR 102.5)
Year One 1 <sup>st</sup> Claim : Overall 2 <sup>nd</sup> claim submitted February 2016	US \$ 4.381	US \$ 6.32	US \$ 1.94 EEP Claim	US \$ 1.94 EEP Amount that can be claimed in DLI Progress Report 3
Year one 2 <sup>nd</sup> claim: Overall 3 <sup>rd</sup> claim submitted in December 2016	SDR 3,572,000.62 US \$ 5176812.493	NPR 998,589,459.72 or SDR 6,657,263.065 US\$ 9648207.34	SDR 2921352.89	EEP Amount that can be claimed in DLI Progress Report 4
Year two 1 <sup>st</sup> claim: Overall 4 <sup>th</sup> claim submitted in June 17 2017	SDR 4171661.18 US \$	7493956.55 (SDR)	3322295.37 (SDR)	EEP Amount that can be claimed in DLI Progress Report 5

Earlier, in the third DLI report 20% of the total EEP was SDR 6657263.065. The claimed amount in the third DLI Report against DLI progress pricing was SDR 3572000.62. Thus the EEP carried forward of unutilized/undisbursed expenses in DLI Reporting 3 was SDR 2921352.89. The DLI progress based disbursement claim for this reporting period (Year 2 first claim) is SDR 4171661.18. The EEP based disbursement claim (20% of the total EEP in this period) is SDR 7493956.55. The remaining balance of EEP amounting to SDR 3322295.37 will be rolled over to the next claim period.

## **6 Challenges Encountered and Lessons Learned**

HERP implementation is taking place bringing reforms in higher education facing challenges and encountering hurdles, it is not a smooth sail. Most of the challenges and the hurdles relate to shifting the higher education reform approaches from the existing contexts, values and practices to the new directions set by the project following the higher education policy and the national program outline.

A significant number of higher education institutions have participated in the Quality Assurance and Accreditation System, however getting accredited remained a tough endeavours for most of the

institutions, consequently DLI 1 target remained unachieved as envisaged by the project. With the government endorsement of the UGC regulation for Quality Assurance and Accreditation the system is now about to undergo transformation with functional autonomy. However, the challenge remains in ensuring adequate capacity of the system including appropriate set up and appointments.

Universities and their constituent as well as affiliated institutions still need to transform their EMIS for effective, comprehensive and timely data reporting. Although DLI 2 targets are met the coverage of the performance indicators remained rather limited because of lack of timely data updating and reporting.

Attainments of institutional autonomy by the constituent campuses and academic autonomy by constituent as well as affiliated campuses have remained rather challenging. Sustaining the autonomy also remains a challenge to the campuses that have become autonomous. The challenge relates to diverse motives of stakeholders regarding autonomy, limited resources for assuring that the institutions can contain the different aspirations, and most importantly the inhibitions on the part of all concerned in taking the challenge of the flight to new realm of freedom and responsibility. Meaningful autonomy cannot be achieved without appropriate level of trust, environment, and cooperation of all concerned. The DLI 3 target achievement challenge relates to these different aspects.

DLI 4 target achievements in year one and also in year two show that the system can take the challenge, the concern is how to ensure sustained system capacity development.

Meeting the DLI 5 target remained elusive; many higher education institutions are introducing new programs and are also revising existing programs. However, it seems that the universities and the institutions found it difficult to follow systemic procedures and keep documentations intact. Completing the basic requirements of being eligible to get the funding support (submitting the proposal in appropriate format, course structure and curriculum, evidence of approval by the academic council, keeping track of student enrolment and progress up to examination, participating in QAA process, EMIS updating, and financial audit report) remained challenging to the institutions. Most importantly, introducing new program or program revision requires intensive preparatory works including the protocols of developing and approving the program, orientation of the teachers, information dissemination to prospective students, appropriate arrangement of classes, labs, and equipments etc. Many institutions are facing difficulties for arranging the initial resource mobilization as the funding support comes later, only after the enrolment of the students. This is particularly felt by TU institutions that have transformed their annual programs to semester system. The transformation is a big challenge given the conditions required for the semester system including the class size, rigor of student teacher interaction/meeting, student assessments and the terminal examinations, teacher preparation, and curricular activities. There is need to reflect on the requirements, support system and provisions to ensure successful transition from the current annual system to semester system.

Although the system of SFAFDB has proven its functional viability, it is still struggling to gain stability. The delay in meeting DLI 6 target relates to the stability issue, it has remained without the executive head, the Director, since 16 November 2017. Nonetheless, the system is functioning and the staff confident that the targets will be fully met within this fiscal year.

In year 1, DLI 7a target achievement was good. In year 2 the targets will be met by this fiscal year. DLI 7b target also remains yet to be met. The challenges in meeting the targets mainly relate to ensuring inter and intra systemic operation in setting and following a scheduled calendar.

Overall, the challenges of achieving the HERP targets relates in part to the system capacity, part to availability of resource and mobilization modality, and most importantly to the prevailing political milieu in the country that continues to influence higher education reform initiatives. Given the general local level election contexts the challenge will remain rather difficult.

The government has recently nominated remaining four UGC board members on June 2, 2017 completing the full board membership after a long time, pending since August 2, 2015. The members are yet to join the Commission Meeting. This has had implications on the institutional system capacity. There is need to address such issues for enhancing institutional system capacities.

The other over arching issue related to the damages brought by the devastating Earthquakes of April 25 (magnitude 7.8) and May 12 (magnitude 6.9) still continue to pose major challenges. Many of the physical infrastructures of HEIs including the totally collapsed 40 buildings and more than 100 severely damaged as well as many libraries and laboratory equipments and office equipments remains to be restored at least to a proper level. There is immense pressure on HERP for addressing the issue.

## **7 Conclusion**

This second year 1st claim period of HERP implementation progress report follows on the DLI based progress and fund disbursements cumulating the achievements and claims starting from the baseline year, year one and year two up to June 18, 2017. In this claim period the total DLI progress based disbursement claim as per financing agreement and the project appraisal document is SDR 4171662.07. The total EEP based disbursement claim for this period is SDR 7,493,956.55 approximately which is total of the 20% of the EEP reported for the period SDR 4,572,603.66 and the EEP claim carry over from the last reporting SDR 2,921,352.89. UGC therefore claims for the disbursement of SDR 4171661.18 and also for carryover of the remaining EEP claim of SDR 3,322,294.48.

The fund provision, flow and follow-up have been felt as structured to the DLI frame, which is output based, rather strictly. There is growing concerns that the output may be superficially driven by the support provision rather than sorting out the root causes and dealing the underlying issues. Certainly, there is a need for facilitating meaningful participation of the HEIs in HERP provisions, modality and process. Institutional capacity developments of all including system capacity

remained on going challenge. There is a need to review the existing strategy to find ways out for enhancing the levels of capacity and motivation of the participating institutions as well as the implementing bodies.

There has been demand by the stakeholders regarding review of the financial support of the World Bank in the form of loan instead of grants. At the early preparation phase of HERP it was assumed that the support will be in the form of grants funding which however changed to soft loan on the basis of apparent country capacity of loan payback. The condition is however far removed from the apparent capacity. Although the issue provided opportunity to develop stringent measures of fund utilization, the disbursement of fund flow remained more challenging.

Two basic issues have remained persistent challenges for the higher education reform initiatives in the country: low pass out rates in higher education and low enrolment rate in the areas of science and technology. UGC is taking steps to critically examine the underlying issues relating to efficiency of higher education through thematic study on student performance and examinations. It is also exploring the prospects and scopes of expanding science and technology education in the country. UGC is also undertaking a beneficiary satisfaction survey in view of understanding the stakeholders' concerns and expectations regarding higher education and reform initiatives.

Mid-term review of HERP is expected this fiscal year. Both implementing bodies and the beneficiary institutions are reflecting on the project implementation particularly on the concerns and expectations of all concerned. The preliminary understanding seems to indicate that there is need to make the project more versatile and flexible in addressing the issues and challenges of higher education reform.

There are great expectations from HERP. The expectations include the urgency of addressing the post earthquake disaster in the country. The milieu of political transition remains ever crucial with explicit impacts on decisions, institutional reform involving restructuring, appointment of the executives, as well as operational management. These issues however need to be addressed with empathy, sensitivity and most importantly with critical reflection. There is a need for more critical reviews of the project provisions based on implementation experiences and feedback.

## 7. Annexes:

See attached  
files