



Liberating Nepali Enterprises

BETTER EDUCATION OUTCOMES THROUGH EDUCATION ENTREPRENEURS

Vol I: Cost of registering private schools in Nepal

Labisha Uprety | Deekshya Nakarmi
July 2015

Published by
Samridhhi, The Prosperity Foundation

About the Authors

Deekshya Nakarmi

Deekshya Nakarmi is a Communication and Development Assistant at Samriddhi, The Prosperity Foundation. She joined The Foundation in 2014 and looks after social media portals in addition to contributing to occasional research. She previously interned for Women for Human Rights and Bibeksheel Nepali. She is currently a student of Bachelor in Development Studies.

Labisha Uprety

Labisha Uprety is a Communication and Development Assistant at Samriddhi, The Prosperity Foundation. She joined The Foundation in 2014 and also contributes articles and research papers on market-led education among others. She is also the Director of Research at Debate Network Nepal, a youth-led Kathmandu based debate organization that engages the young in exercising their freedom of expression whilst vanquishing their fear of public speaking. She is currently pursuing her undergraduate degree in Development Studies under Kathmandu University.

The paper in a glance...

For those less financially fortunate, education has become a legitimate means to challenge the status quo and engage in higher levels of social migration. In a survey of 303 migrant workers aged 16-40 in Achham, Dhanusha, Tanahu and Kathmandu Valley, in the major uses of remittance, expenses towards education ranked third, after daily expenses and loan repayment (World Bank, 2013). This was also the case in a survey of 3,200 households conducted in the period May-September 2009 which showed that, when it comes to spending remittances by households, expenses towards education was prioritized after fulfillment of basic needs and loan repayment (World Bank, 2011). While public education to a certain grade is “free”, parents’ perceive that private schools offer better education compared to public schools. The parents’ perceptions are rightly justified as government schools have become synonymous with a lack of deliverance usually evidenced by poorer pass rates and higher teacher and student absenteeism. On the other hand, private schools are increasingly becoming favored. This could be explained by the simple fact that private schools operate on the basic economic principle of demand and supply; you directly pay for a service and in return are provided with what you have paid for. In the process, private schools are seen as accountable and a relatively more trust-worthy service providers. The poor too, surprisingly, are willing to send their children to low-cost private schools than free community schools and this demand has led to an increasing number of private schools, especially in the urban areas. This resulted in a zero-enrollment rate in hundreds of public schools throughout the country in 2014 (Republica Daily, 06/15/2014). However, this increase in demand and hence the supply has been receiving the branding of ‘mushrooming’ of private schools in these areas. This even led to a temporary closure of new registration of private schools during the years 2011 and 2012 (2068 and 2069).

The paper thus, has identified and outlined the procedural costs and time required to registering a private (primary) school in the Kathmandu. In doing so, the paper has successfully outlined policy and procedural weaknesses that deter potential edupreneurs (education entrepreneurs) from entering the education market in Nepal. These are inclusive of but not limited to the following:

Multiple levels of bureaucracy

The process of establishment of private schools requires the eduprenuer to run to five different institutions. This begins with registration at the Office of the Company Registrar as a company or trust, moving on to procuring an original letter of recommendation from the Village Development Committee, letters of approval from 2 equivalent schools and/or attested copies of letter of permission from lower classes or levels for level upgrades, then to getting a PAN number after which deposits need to be made in stipulated banks. Only after this, can one finally fill the form from DEO in order to ask for permission to open a school. Additionally one has to wait on the decision by the DEO for three months, which is decided by a one day inspection visit after all documents have been submitted.

Discretionary deferrals

After the three months waiting period which includes a day long inspection by the authorities for the approval of a school registration, the applicants are not even contacted if their application has been rejected. The school founder/owner has to continually hound the school inspector for the news. Reasons for rejection are also not provided, which causes dilemma as to what needs to be changed in the application and/or infrastructure so as to be given approval next year. This makes for a clear discretionary decision when one does not point towards a specific reason or ground. School heads also complained of nepotism in the DEO, that schools that were considered for approval were usually those who had some informal relation with working staff at the DEO.

Arbitrary Quotas

The Institutional School Criteria and Operation Directive 2012 (2069) came about as a response to 'unplanned festering of private schools', particularly in urban areas of the country and thus stated quotas for school registration in stipulated administrative divisions. These arbitrary quotas effectively hamper prospective edupreneurs from delivering educational services.

Questionable requirements

According to Education Rules, 2002, edupreneurs, in addition to eighteen other documents, are also required to present two original letters of approval from two equivalent schools. The two equivalent schools are quite naturally competition to the new school an eduprenuer is trying to open (and vice versa) and it is quite absurd to require someone to secure 'approval' from her/his competition in order to start a primary school. This at best encourages collusive behavior and at worst puts the edupreneur at the mercy of the other two equivalent schools to be registered, effectively shutting down the prospects of the edupreneur.

Hence, a one-stop policy for private school registration, fast and concrete decisions from authoritative bodies, removal of arbitrary quotas and requirements for private schools and a revision of the school infrastructure mandate to allow level-playing field for smaller private schools are some of the key recommendations that emerged from researching this important idea. A need to understand why the country's poorest do not necessarily need to be forced to only one type of schooling and that there is enough grounds to allow the forces of demand and supply to take its course in the education sector for better education outcomes is also an implicit argument in the paper.

ACRONYMS

NESP:	New Education System Plan
MOE:	Ministry of Education
SLC:	School Leaving Certificate
ECD:	Early Childhood Development
PPCs:	Pre-Primary Classes
SSRP:	School Sector Reform Program
CLAs:	Central Level Agencies
REDs:	Regional Education Directorates
DEOs:	District Education Offices
RCs:	Resource Centers
PAN:	Permanent Account Number
SMC:	School Management Committee
Govt.:	Government
OCR:	Office of Company Registrar
VDC:	Village Development Committee
CDC:	Curriculum Development Center
PABSON:	Private and Boarding School's Organization of Nepal
NPABSON:	National Private and Boarding School's Organization of Nepal
CPN (M):	Communist Party Nepal (Maoist)
OCE:	Office of Controller of Examinations

The Nepali year is based on Bikram Sambat Calendar and is approximately 57 years ahead of the Gregorian calendar.
(2062/1/1=2005/4/14)

Introduction and Rationale of the Study:

There is no question that education is a basic right, a necessity; the question here has always been of who the provider for it should be. Should education be granted as dictated by the state or should it be led by market forces? The state may be instrumental in guaranteeing the right to an education but this does not necessarily entail that its provision too should be led by governments. Nepal in particular has seen burgeoning of private schools in recent years, with the number totaling to 3174 private schools participating in School Leaving Certificate (SLC) examinations—secondary level completion exams—alone in 2015 (Office of the Controller of Examinations-OCE, 2015).

Nepal’s education system recognizes the broad distinction between two types of schools: community schools and institutional schools, while also recognizing religious schools as a third category. Community schools are those that run on government funding whereas the institutional ones are those that are run on private funds, supported

by parents and trustees (Consolidated Report, 2011). This categorization can be understood simply as the distinction between public and private schools. The Education Act of 1971 was the first effort to implement the New Education System Plan (NESP) whereby the government ‘nationalized’ all existing non-state schools by standardizing school structures and curriculum and centralizing operations. This was, however, met with severe political resistance as witnessed by numerous student rallies and other associated undertakings in the late 1970s (Bhattarai, 2009). The third amendment thus to the Education Act in 1980 gave way to private schools and their successive boom and appeared to coincide with a) the beginning of liberalization of economic policies and b) a relatively open political system (Bhattarai, 2009).

The private sector’s involvement in education thus came in as an alternative to the state controlling all educational institutions and successively failing to meet demand (Poudyal, 2013). Private schools then, are often seen as ‘better’ alternatives

Should education be granted as dictated by the state or should it be led by market forces?

Table 1. Number of schools participating in SLC in Nepal in the given years.

TYPES OF SCHOOLS	NUMBER OF SCHOOLS PARTICIPATING IN SLC OF YEAR						
	2065	2066	2067	2068	2069	2070	2071
COMMUNITY SCHOOLS	4272	4711	5240	5712	5918	6135	6089
INSTITUTIONAL SCHOOLS	2056	2283	2510	2695	2923	3055	3174
TOTAL	6328	6994	7750	8407	8841	9190	9263

Source: OCE, 2015

Only 29.73 percent students from public schools passed the SLC exams in 2014 from public schools compared to a reported 89.38 percent students from private institutions.

to the comparatively poorly managed public educational institutions, with better instruction and markedly less teacher absenteeism among other factors (Subedi et al.,2013). Only 29.73 percent students from public schools passed the SLC examinations in 2014 from public schools compared to a reported 89.38 percent students from private institutions (OCE, 2014). Though admittedly almost 78 percent of these evaluated students come from the public sector, the pass rate statistics for the public schools have been on a steady decline in the past few years. The private schools on the other hand, keep climbing towards progressively higher pass rates.

A lack of government accountability towards public institutions and the decade long armed conflict have been cited as plausible causes for the poor performance of the children attending public schools. In response, parents – even the poorest ones – are opting for institutional schools to educate their children. An increasing share of remittance is being channeled towards education in Nepal. In a survey of 303 migrant workers aged 16-40 in Achham, Dhanusha, Tanahu and Kathmandu Valley, in the major uses of remittance, expenses towards education ranked third, after daily expenses and loan repayment (World Bank, 2013). While public education to a certain grade is “free” – due to parents’ perception that private schools offer better education compared

to community schools– parents are continually pulling their children out of community institutions and admitting them in private schools, accounting for a zero-enrollment rate in hundreds of public schools throughout the country. (Republica Daily, 06/15/2014).

This should be seen in conjunction with the fact that the government closed new registration of private schools during the years 2011 and 2012 (2068 and 2069) because of rapid mushrooming of private schools in the capital¹. How easy then, is opening a private school in the country? What procedures are to be followed and what are their associated costs? Out of 189 economies, Nepal ranks 108th in the ‘Doing Business Report 2015’ of the World Bank; clearly indicating the extent of bureaucratic hurdles that have handicapped the economy for long. The following research paper is thus an attempt to try and answer these questions. This paper also includes an analysis of the importance and significance of private schools in Nepal, the ease or non-ease of establishing a private school in the valley and what measures could be taken to further simplify the process.

As dictated by growing interest of the middle class and even the poorer classes to send their children to private schools as opposed to state schools that provide ‘free’ education until certain levels (Tooley, 2009), private

¹ According to Dwarika Prasad Dhungel, Under-Secretary of the DEO

schools can no longer only be seen as an 'elitist' establishment, serving the rich alone. Private schools have mushroomed left, right and center in Kathmandu in particular, and compete in provision of facilities in addition to educating young minds and fee structures. This translates into a rise of choices for parents looking to enroll their child in the very best, be it within their limited means.

The rise thus of private schooling begets easier laws in order for its establishment. The following research paper then aims to first, establish the history of education and private schooling in Nepal and how more recent events, like the decade long civil war, have shaped it, second, analyze the procedure and associated costs and time for the establishment of a private school in the country and third, identify major problems impeding the establishment of quality education providers and lastly, provide policy recommendations in order to accelerate and aid the providing of quality education to the masses.

This research paper originally planned to study the implications of the ban on the registration of new private schools that lasted between the years 2011-2012. Following the lifting of the ban in 2012, the paper now focuses on the cost of becoming an education entrepreneur or more fittingly, an edupreneur. Profit motivation in education is often frowned upon in

Nepal and by examining the process of being an edupreneur, this paper also seeks to explore if the same sentiment is reflected in our education policies.

In terms of coverage, the study aims to understand the costs and time taken in order to establish a private basic grade school in Kathmandu, Nepal and thus may not be completely replicable in areas outside said scope. This is also not representative of the process of opening schools and universities in Nepal. This paper was in the works before the devastating earthquake that hit Nepal on April 25, 2015 and was soon completed thereafter, therefore, it may not reflect very recent changes made or to be made to the provision for education or the education sector as a whole in the country.

Profit motivation in education is often frowned upon in Nepal and by examining the process of being an edupreneur, this paper also seeks to explore if the same sentiment is reflected in our education policies.

Understanding the context

The Division of Education System in Nepal

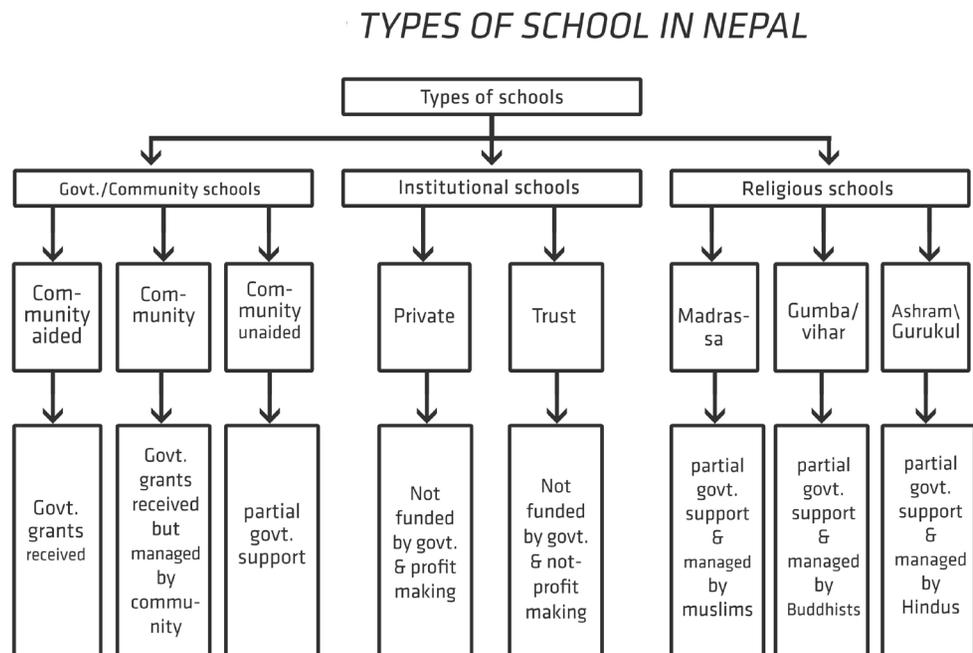
The Government of Nepal recognizes three types of institutions in the country: government/community schools, institutional schools and religious schools. Government schools are further divided into three sub-categories: that of being community-aided, community managed and community unaided. Institutional schools are divided into being privately funded or managed by a trust board. Religious schools are segregated into Madrasa, Gumba/Vihar and Ashram/ Gurukul (ESP Working Paper Series, 2013). They are thus distinguished by the primary source of funding as explained by the flowchart below.

In the study henceforth, community schools receiving government funding shall be understood as interchangeable with public schools and institutional schools not receiving government funding shall be understood as interchangeable with private schools.

The Classification of Educational Levels in the Country

Nepal's education is divided into primary, lower secondary, secondary and higher secondary levels. "Starting from Grade one, Primary schools offer five years of education and lower secondary schools provide further three years of education. Secondary schools offer two more years of education which concludes with the School Leaving Certificate (SLC) Examination, while higher secondary schools offer two more years of education after SLC."

Schools are distinguished by the primary source of funding.



(Consolidated Report, 2011). This however has been restructured with the introduction of the School Sector Reform Program (SSRP) in 2009 and the levels have been divided into: basic school level education (grades 1-8) and secondary education (grades 9-12), which has however not yet come into practice. This study thus systematically aims to study first, how much time and cost is spent of an individual/s trying to establish a primary or more recently, basic grade school in the valley and second, an analysis of the discovered timeframe and procedures.

A Brief History of Privatization of Education in Nepal:

The history of private education has remained a tumultuous one; marred by political interference after its inception. Every major political change in the country has been followed by a revision of the education system. Though Durbar High School is seen as the first foray into modern education in Nepal established in 1855, its beneficiaries were limited to only the ruling elite until it opened its doors to the public in 1900 (The Kathmandu Post, 08/28/2014).

However the bloom of private schools was short lived. With the establishment of the National Education Commission in 1954 and the nationalization of all existing community and institutional schools beginning 1971, private schools were no longer private. As noted by Caddell (2007) "...the mushrooming of schools in the decade following

the overthrow of the oligarchy was presented as emblematic of the new government's openness and more inclusive vision of citizenship. At other points it has served to promote national unity, as with the introduction of the National Education System Plan (1971) and the nationalization of all schools under the Panchayat system (1962-1990)."

The prior short lived wave of privatization in education was limited to schools run and managed by local communities and schools in the valley targeted towards the elite population, run by missionaries. However, a post 5 year analysis of the nationalization of education in 1975 showed weak results. As reported in a 2013 UNESCO Country Report on Nepal:

The mid-term evaluation of 1975 showed various weaknesses of the government in the system. Among them, the vital were less qualified and competent teachers both for general and vocational education, lack of sufficient budget for vocational education, not well designed monitoring mechanism and protest of the government for nationalizing the total education system just to serve the then ruling Panchayat Democracy under the Kingship.....The private institutions were again requested to run schools to support the government.

Every major political change in the country has been followed by a revision of the education system.

...
**restoration
of the
multiparty
democracy
in 1990
further led
to more
market-
friendly
education
reforms.**

The emergence of palpable economic liberalization in the mid-1980s and the restoration of the multiparty democracy in 1990 further led to more market-friendly education reforms. Particularly in 1981, the state implemented the Education Regulation 1981, that allowed for the establishment and conduction of private and/or boarding schools. “The regulation stipulated minimum conditions that the private sector must meet, such as minimum physical facilities (adequate classrooms, separate toilets for girls and boys, playgrounds), following the government curriculum, employing qualified teachers and forming a school management committee to represent the local people.”(Subedi et.al, 2013). Post 1990’s the boom in private education has been explained by primarily two factors, one, equity and better opportunities for previously marginalized groups and two, ‘the search for ways of differentiating achievement and ensuring best advantage for young people’ (Caddell, 2007)

Education and the Civil War:

The decade long civil war in Nepal waged by the-then CPN (M) during the years 1996 – 2006 adversely affected education, particularly private education in numerous ways. The civil war was designed in order to ‘fight’ inequality, injustice, failings of governance inclusive of corruption, nepotism, lack of implementation of

rule of law, power hoarding by the state and gender, caste and geographical discrimination as practiced in the country (Upreti and KC, 2014). The underground party gradually began hampering the provision of providence of health, education and other basic necessities from both the state and private parties by obstructing the source and forcibly implementing their ‘people’s government’ at service points such as local VDCs, eventually controlling 80% of all rural villages in Nepal (Upreti and KC 2014).

Dismantling the ‘ineffective’ provision of education by the state and uprooting private provision of education was a recognized part of the Maoist uprising. An undated article by Education Journalists Group, Nepal in Upreti and KC (2014) puts forwards a number of key findings of the effects of the uprising on education as follows:

- UCPN (M) threatened or put pressure on the students and teachers to support their cause.
- Rebels pressurized schools to implement ‘Janavadi Sikchhaya’ (people’s education), their curriculum and stop the government’s education system (and threatened them if they were opposed).
- State security forces constantly harassed teachers and students for supporting the rebels or for sheltering them and providing food to them.

- Students left schools and many teachers fled to district headquarters to escape abduction, arrest, kidnapping and harassment and even death in the hands of the parties-in conflict.
- Schools were used for training for CPN (M) militia.
- Daily class were hampered. Teachers and students were under immense psychological pressure- to keep themselves safe-between two forces of the state and the Maoist militants.
- Many schools (both private and public) were destroyed all around the country.
- The student organization of the CPN (M), declared as “terrorists” by the state, targeted the private education institutions the most.
- The CPN (M) killed teachers blaming them as exploiters.
- Total of 227 teachers were tortured (120 by the state, 107 by the CPN (M), at least 248 teachers were arrested - 185 by the state and 62 by the rebels).

The above information is indicative of the fact that education suffered heavily during the war and not just by the hands of the rebels but of the state too. The clash of the two took many innocent lives, disrupted everyday livings and uprooted or threatened to uproot millions of livelihoods throughout the nation. There is also evidence of forced participation of children and students as Maoist militia. As reported by (Upreti and KC, 2014), almost 3000 teachers

left their jobs in particularly conflict laden areas and public school spaces were used as training grounds for their troops, forcing children as human shields and even sex slaves. Their rights to an education and a childhood was unhinged by frequent strikes, forced closures, school bombings and school territory seizing. Further, these authors elaborate how private school teachers became the major source of funding for the Maoist (Pheralli, 2011 in Upreti and KC, 2014). They also state how public school teachers who had their children in private schools were forced to transfer their children into public schools:

About 30,000 private schools were forced to shut down all over Nepal in 2000 (International Crisis Group, 2005 in Upreti and KC, 2014). The CPN (M) very tactfully brought their philosophies of how private schools were not for the welfare of the citizens but that it was robbing people through high fee structures and unwanted payments further affecting large number of laborious middle class people.

This is in contrast with the fact that more and more middle class and the lesser fortunate are sending their children to private schools. When one talks of private schools, they cannot really be lumped into one flat-lined category that state schools can be. Private schools differ and compete with each other on bases of fee structures, facilities provision and test results among other

**About
30,000
private
schools
were
forced to
shut down
all over
Nepal in
2000.**

things and thus cannot be simply thought of as one. Because of this, parents in fact have more choices as to where they to send their children based on informed comparisons. Though with comparatively smaller amounts of absolute enrolment as compared to public schools, it is seen that private schools have had successively higher comparative enrolment rates, particularly in the years after the Maoist insurgency in Nepal as shown by Table 2:

A fluctuation of enrolment rates all throughout is evinced in community schools; whereas private schools have only had a dip of numbers in 2005 and have gone on to exponentially multiply by 2011.

The 'dip' in 2005 is explained by the fact that the decade long civil war and that Maoist militancy towards private schools was at its peak during this period. The early 2000s was a year of political turmoil in Nepal that infiltrated education, particularly private institutions, as Maoists laid plans to actively sabotage private education

in and outside the valley. A 'culture' of extortion from private schools, kidnappings of teachers and forced changes to the school curriculum was actively witnessed throughout the first decade of this millennium (Cadell, 2007). As Cadell further explains:

In many areas the complete closure of private schools has been enforced. Those who have not complied with shut downs and other demands risk being subjected to bombing of the premises. In part, shutdowns are a means of highlighting concerns specifically related to schooling and the failure of the government to address the inadequate state of education in the country. Yet strikes also highlight wider inadequacies of the state, in particular its inability to provide security to its citizens. The government has urged schools to open, promising to ensure the safety of students and teachers. However, this claim did not lessen the widespread fear of violence and schools remained closed.

Table 2. Student enrollment rates in primary levels in institutional and community schools in the given years.

Grades	Sex	School Years							
		2004	2005	2006	2007	2008	2009	2010	2011
Primary level enrollment in community school	Girls	1,683,648	2,022,433	2,015,346	1,966,819	2,152,556	2,176,436	2,239,485	2,119,895
	Boys	1,921,297	2,211,440	2,111,488	1,999,108	2,135,961	2,079,574	2,123,958	1,991,784
	Total	3,604,945	4,233,873	4,126,833	3,965,927	4,288,517	4,256,010	4,363,443	4,111,679
Primary enrollment in institutional school	Girls	181,364	112,213	165,901	192,944	212,823	277,499	254,987	291,954
	Boys	243,736	156,611	222,325	259,842	280,973	367,154	333,526	379,252
	Total	425,100	268,824	388,226	452,786	493,796	644,653	333,526	379,252

Source: Flash-I Report 2004-011 (Consolidated Report, 2011)

Indeed, in many cases, parents have been directly threatened and warned not to send their children to school on strike days. This threat was later extended to a more generalised call to stop sending children to private school, particularly in areas outside the Kathmandu Valley.

Public schools vs. Private schools:

The recent budget of 2015/2016 of Nepal saw a 12% sectorial allocation to education; at Rs. 98.64 billion it is the lowest in the past 10 years but still the highest in terms of percentage allocation (Budget Speech, 2015/16). Despite having deemed 2014/15 as 'Illiteracy Eradication Year', the previous fiscal year ended without promised results with only 3 of the 17 'focused' districts in the Terai being deemed fully literate (The Himalayan Times, 17/07/2015). The Ministry of Finance has allocated Rs.86.03 billion out of approximately 618 billion for the years 2014/15 for the 'overall development of the education sector'. Other initiatives include:

1. 'One School: One Library' and 'One School: One Science Laboratory' in secondary public schools.
2. Mergers of at least 200 schools, having 'few' number of students and within less-than standard distance.

3. A public-private partnership in education where the state shall provide benefits and facilities to private schools at par with public schools, if said schools are run and managed in collaboration with existing facilities and resources.

4. Scholarships and stipends (Rs.1500 – 3000) for students hailing from under-privileged communities and those affected by disabilities and conflict.

5. Focus on technical and vocational education; one technical school to be established in every electoral constituency by reorienting the hitherto technical stream of school level education. Technical education to be extended in higher secondary schools in collaboration with the private sector.

6. Addition of 2000 teachers to higher secondary public schools

7. 1,285 school buildings, 9 District Education Office buildings, 3,230 toilets at schools, and 13 polytechnic buildings to be constructed.

The stated merger was tried to put into effect under the Institutional Schools Standard and Operational Directives-2069 beginning March to have a minimum of 22 students in a single grade, with a minimum total of 110 students at the primary, 165 at the lower secondary and 225 at the secondary level and hike fees only every 3 years for all private schools. Schools that did not meet the aforementioned

...growing number of low-to-middle class income earners are choosing to send their children to low-cost-private schools.

criteria of student count would be merged. Though PABSON, with NPABSON, had initially agreed to sign the directive, mounting protest from smaller and middle-sized schools that argued that the move would cause almost 3500 schools to be affected was addressed and PABSON refused to sign the directive (The Kathmandu Post, 03/12/2013).

The schools in question could be categorized as 'low-cost private schools' as recognized by Tooley (2009) which account for a growing number of low-to-middle class income earners' children receiving education. It is interesting how a growing number of such low-to-middle class income earners are choosing to send their children to low-cost-private schools as opposed to state-run schools that provide free education, at least until grade 5. Tooley (2009) offers that mass teacher absenteeism and a lack

of ownership by both parents and teachers are major contributors to dwindling enrollment rates in state-run schools (Tooley, 2009).

The Need for Private Schools:

One of the arguably better indicators for comparative education efficiency in the country has been a long-standing tradition to compare pass-rates of the SLC examination as administered nationally in the month of March-April every year. Pass rates for this public examination is considered an important indicator that the government looks at while evaluating not only individual students, but also schools and the education system as a whole (Bhatta, 2005 as cited in Thapa, 2011). A comparison of the SLC pass rates of 2015 for community and institutional schools of Kathmandu district (Table 3) depicts a giant divide between the two.

Table 3. SLC pass rates of the most recent year by school type for Kathmandu District.

Year	School Type	No.of Applicants	Appeared	Passed	Pass %	Dropout
2071	Community	307093	302399	100342	33.18	4694
2071	Institutional	103344	102939	91925	89.30	405
TOTAL		410437	405338	192267	47.43	5099

Source: District Education Office, 2015.

A replication of similar result depicting national pass-rates statistics differences can be found in all regions for five years: of the country, as evinced by Table 4

Table 4. Pass percentage of SLC appearing students for the given years..

Type of School	2014	2013	2012	2011	2010
Private Schools	89.06	85.53	85.77	90.05	92.49
Public Schools	29.76	24.14	36.87	47.02	58.54

Source: SLC Examination Statistics, OCE, MOE, Nepal

There could be a number of explanations for the given figures. A 2001 World Bank report identifies a number of reasons for the poor performance of public schools in Nepal, inclusive of factors such as:

1. High politicization of the teaching force.
2. Frequent transfer and changes of District Education Officers and changes in education rules and regulations.
3. Formerly nationalized schools, after 1971, have lost community ownership to a large extent and are seen as government 'owned' schools.
4. A highly centralized education system structuration
5. Poor teacher management

One of the most substantial reasons for the trend is teacher and student absenteeism which results from lack of ownership towards the public school. Because of a lack of fee-paying environment, parents often seem to feel their obligation to educate their children has been met after they enroll the child in a public school. The teacher is paid by the state regardless of his/her physical presence in the school and may choose to turn up sporadically. He/she has little or no fear of being fired due to absenteeism as public schools operate from seemingly perpetual funds. On the other hand, in a private school, the teacher is under constant radar-watch by parents and the management alike and is under pressure to perform. For a non-quality

teacher shall mean dissatisfied parents and eventually, pulling the child out of the school in question. As private schools breed competition, there is a constant looming fear of a competitor 'taking away' one's students and this accounts for accountability and responsiveness on part of the school management. Private schools function under the invisible hand of demand and supply and hence make for answerable teachers and active involvement of parents in their child's future.

In this case, the government's directive to add 2000 teachers to public schools is not going to solve the declining rates of SLC results in public schools. Teacher salaries (in public schools) are not tied to teacher performance (Parajuli and Das, 2013). The government also plans to merge more than 4000 low-cost private schools, which to a large extent are the only options for an affordable private education for the poor. The mushrooming of such schools is an indication of the demand for these schools, which admittedly, do not have the best of infrastructures and it is also true that teachers in private schools are lesser trained than their public counterparts (84.1% fully trained public school teachers, as opposed to 75.1% fully trained private school teachers in the Central region (Nepal Education Figure, 2014). However, teaching credentials are not always linked to better results as evinced by the performance disparity between public and private schools. Incentive to teach plays a much bigger role and is accountable to the better pass-rates of the private schools.

Private schools function under the invisible hand of demand and supply and hence make for answerable teachers and active involvement of parents in their children's future.

Because the registration process is more of a legal burden and is well understood by practicing lawyers, most people hoping to open a private school hire an external lawyer in order to legally register themselves.

Existing Provisions to Starting a Private Primary School in Nepal: The Procedure

A. The Organizational Structure:

The Ministry of Education, established in 1951, is the apex body responsible for all education development plans and policies. According to MOE 2010, Central Level Agencies (CLA)s, which are under the Ministry, are responsible for designing, implementing and monitoring said plans and policies. 5 Regional Education Directorates (REDs) overlook and monitor projects and programs implemented by district level organizations. There are 75 District Education Offices (DEO)s in the country and 1091 Resource Centers (RC)s who implement the education programs, plans and policies.

B. The application process:

In May 2002, the Ministry of Education came up with a mandate requiring all private schools to register themselves either as trusts or as a private company (Education Rules, 2002). If registered as a trust, the schools have to hand over their lands to the government if or when they close, thus, despite initial reservations and protests, almost all private schools in the land have registered themselves as private limited companies, and hence pay taxes (1%

on monthly fee and admission fee) (Nepal Tax Fact, 2014) in accordance to the law.

Thus the first step in opening a school is registering it at the Office of Company Registrar, Tripureshwor. The registration process has become a mandatorily online process after October 2013, as the OCR aimed to ease business establishment and conduction in the country. The OCR at Tripureshwor is devoid of a functioning help desk, thus one is approached by freelancing lawyers offering their services for a negotiated fee. Because the registration process is more of a legal burden and is well understood by practicing lawyers, most people hoping to open a private school hire an external lawyer in order to legally register themselves. The procedure for applying and registering a private company as mandated by the OCR in the Companies Act 2006 first dictates incorporation of the company followed by registration.

c. The Incorporation and registration of a company:

An external lawyer, for the fee of anywhere between Rs.5000 – 15000, shall make ready all below-mentioned documents that include:

- Copy of the statute of the educational trust or the Memorandum and Articles of Association of the company.
- Attested copies of contracts

ascertaining that rented land/ building has been legally leased for at least 5 years by the landowner. If the building is one's own, then attested documents claiming land and building ownership.

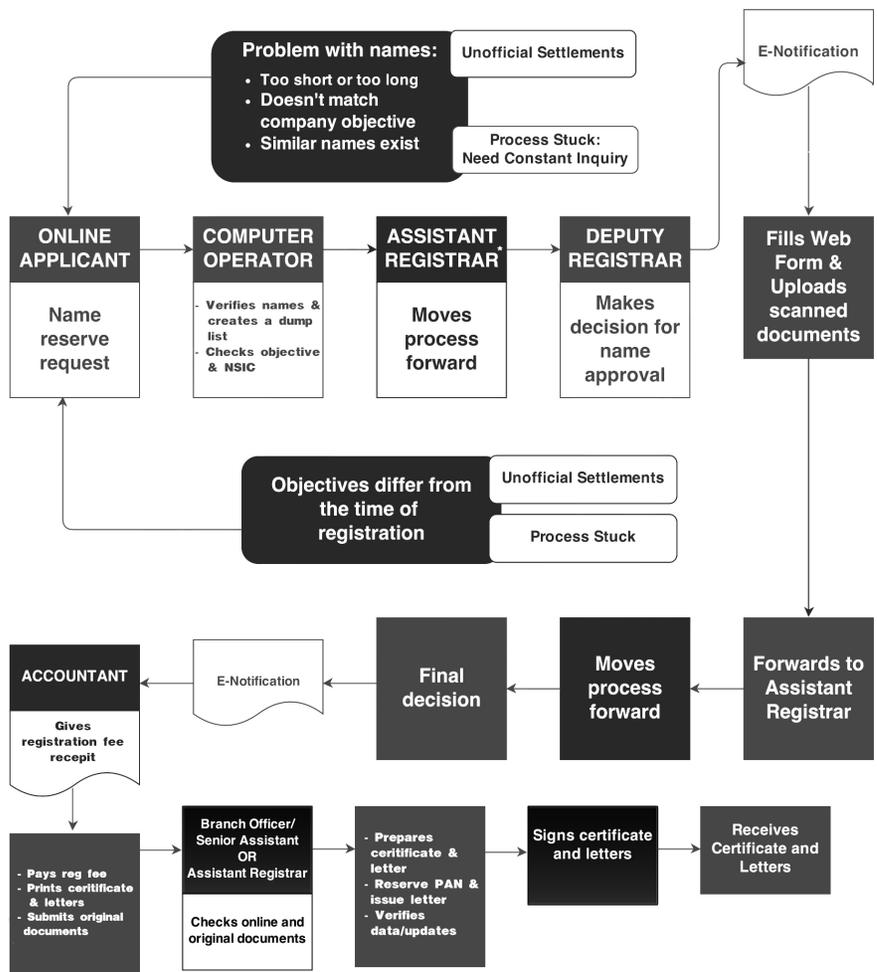
- Original documents ascertaining

permanent source of finances intended for management of the school

- Attested copies of the proposal letter regarding benefits and associated costs for staff and teachers employed by the school.

COMPANY REGISTRATION PROCESS

Official Duration: 15 Days
Using unofficial settlements: 2-3 Days



* According to OCR'S official work flowchart, the applicant should go to Deputy Registrar directly. But in practice, it goes through this addition step.

This process map was prepared by Samriddhi, The Prosperity Foundation for study on company registration process in 2014. More about the findings at <http://economynepal.com/the-ins-and-outs-of-the-company-registration-process-in-nepal/>

- Letter of application to the Office of Company Registrar
- Open online account on the OCR website, whilst also creating a username and password on the online OCR website, via which one can check the status of pending documents and results of the decision by the OCR.
- Attested copies of contracts ascertaining that rented land/building has been legally leased for at least 5 years by the landowner. If the building is one's own, then attested documents claiming land and building ownership.
- Mapping application of the prospective school area to be included on page no. 3 (of form provided by the DEO).

The lawyer begins with registering the name of the company that is to be original or previously non-existent and setting objectives of the company as dictated by the proprietors of the business. After all documents have been collected and submitted, the OCR, within 15 days, gives its decision. Though the official duration is said to be approximately 15 days, with the help of a lawyer, the deed is usually completed in 2-3 days.

D. Documents procurement:

After one is registered as a Private Limited Company, one reaches the DEO to collect a list of required documentation in order to formally open a school. The establishment of a private school in Kathmandu is overseen by the District Education Office, Tahachal, Kathmandu.

The complete list of documents required (translated from the Nepali), according to Education Rules 2002, Schedule 4, is as follows:

- Copy of the statute of the educational trust or the Memorandum and Articles of Association of the company.
- Original recommendation letter from (relevant) Village Education Committee/Municipality
- Original letters of approval from 2 equivalent schools
- Attested copies of letter of permission from lower classes or levels (for existing schools that need to upgrade grades)
- Original documents ascertaining permanent source of finances intended for management of the school
- Description of the tuition fee
- Letter of approval regarding the tuition fee from the DEO
- Description of textbooks to be taught at the school
- Decision letter regarding administration of scholarship by the SMC and list of students to be granted scholarship
- Attested copies of letter of appointment of teachers, their citizenships, certificates of qualification and teaching permits
- Attested copies of the proposal letter regarding benefits and

associated costs for staff and teachers employed by the school.

- Attested copies of the founder's bio-data, citizenship and certificate of education qualification.
- Attested copies of income tax documents (PAN number) and documents ascertaining payment of taxes.
- Attested copy of the audit report.
- Attested copy of decision of the SMC (to be collected in accordance to the School Management Committee's Act's Clause 12 (4))
- Security deposit in accordance to the rule (Primary Schools: Rs. 50,000/-, Lower secondary Schools: Rs. 1,50,000/- and Secondary Schools: Rs. 2,00,000/-; fixed deposit accounts to be opened at either Nepal Bank Limited or Nepal Banijya Bank Limited or Agricultural Development Bank); attested copy of receipt of the security deposit
- Inspection report of the related inspection site/ resource center from a school inspector

* (NOTE: The form shall be registered only after all above mentioned documents have been accounted for. Hence, completion and collection of all required documents by the end of Poush is required before submitting the form).

In logical order, first, a school needs to be registered as a company and acquire a certificate that proves its successful registration which takes around 3

days and requires a registration fee in accordance to capital invested. But similar to other legal procedures in place in Nepal, the common man fails to comprehend the technicalities, and turns to a law professional. One usually hires an external lawyer for a charge of Rs.5000-10000 as his/her lawyer consultant fee.

After registration, one could reach the related VDC/Municipality for a letter of recommendation, where documentation showing legal leasing/ ownership of land and lawful payment of taxes are to be presented in order to be considered. This usually takes up to 2 days and demands a payment of Rs.5000 of yearly registration update after establishment of the school.

Next, two similar schools need to be approached for letters of approval stating that they will have no problems with the establishment of yet another competing school. This takes about 1 week or more, depending on how long it takes for the founder of the new school to establish cordial terms with the existing schools.

A PAN (Permanent Account Number) for the company/school then needs be procured from a tax-office that one's area is subject to. The line ministry that handles PANs is the Inland Revenue Department in Nepal. PAN registration has been made simple with online registration and can be filled and submitted online. After submission, the tax-office calls the person in for

two similar schools need to be approached for letters of approval stating that they will have no problems with the establishment of yet another competing school.

If the school is rejected from the application cycle after inspection, the DEO does not initiate contact with the school owner.

providing them the PAN, which usually takes up to 3 days and is free of cost.

Next in line is a bank deposit that needs to be made in accordance to stipulated amounts according to what kind of school (primary/lower secondary/secondary) is being established. There are three banks where the deposit can be made, namely, Nepal Bank Limited, Nepal Banijya Bank Limited and Agricultural Development Bank. Primary schools need to open a fixed deposit at either one of these banks and place in Rs.50,000 as security deposit. The opening of a fixed deposit requires a letter from the DEO. Bank work thus takes approximately a week. Though the form stipulates that a bank account must already be open, further conversations with the DEO supervisors reveal that this step in fact comes much later, after the school has received acceptance of establishment.

After all documents have been procured from the lawyer and associated letters have been collected as prescribed as above, one reaches the DEO where one is finally given the form of registration for a fee of Rs.1000. The filled form, with the mapping application on stipulated page is filled, and submitted along with all other above listed documents.

The external application cycle is now deemed complete. This is when the DEO takes over documents and infrastructure supervision thereafter.

E. The internal assessment:

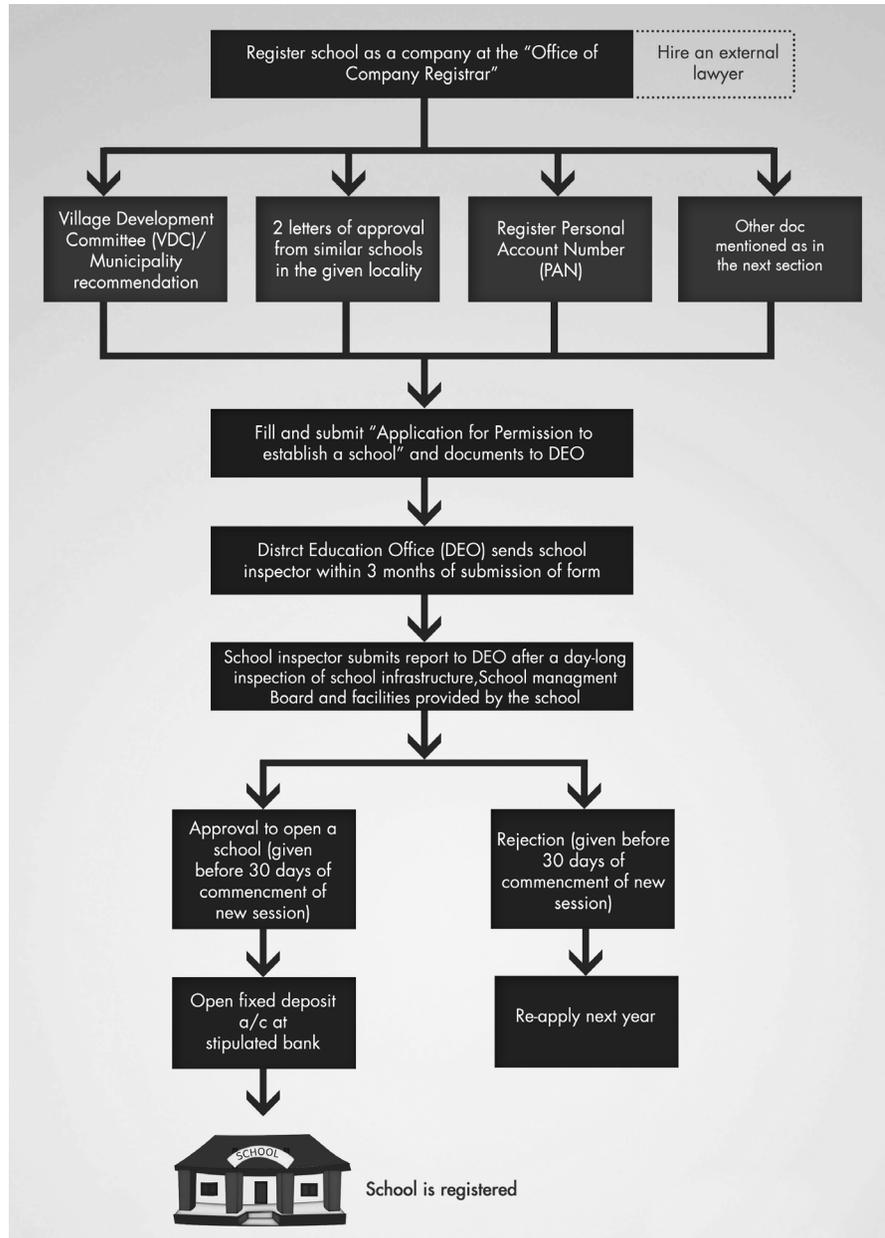
DEO is entrusted with investigation of all submitted documents. Once all documents are deemed to have been rightfully submitted, the DEO then appoints a school inspector to investigate the premises of the prospective school.

The school inspector calls upon the school within the three months after Poush up to Falgun. The inspector inspects the school infrastructure, whether it is in line with the provided guidelines as stipulated by the Education Act 2002. The inspection lasts a 2-3 hours in one day. The inspector then returns and provides a report to the DEO.

A decision is then taken within the stipulated 3 months and if the prospective school is deemed to compliant with all said rules of infrastructure and documentation, a formal call from the DEO follows allowing the school to operate thence.

If the school is rejected from the application cycle after inspection, the DEO does not initiate contact with the school owner. The owner has to contact the inspector on its own and find that his/her school has been rejected. No formal letter of rejection or reasons for rejection are presented. The applicant is to reapply next year.

Process map for registering a school



Source: Author Compilation

F. The Procedure Timeline:

One of the main objectives of this paper is to outline the approximate time and costs incurred whence trying to establish a private primary school in the valley. We have thus broken down the list of documents needed in order to be granted permission for school operation into approximate time frames. The time frames are based on our observation of the

dealings and interviews with registered school heads. The documents listed are as per Education Rules 2002. The procedure, time and cost of registering a primary school is presented in the table below.

S.N.	Documents needed:	Time	Cost	Remarks	Documents to be collected from
1.	<ul style="list-style-type: none"> • Copy of the statute of the educational trust or the Memorandum and Articles of Association of the company. • Attested copies of contracts ascertaining that rented land/building has been legally leased for at least 5 years by the landowner. If the building is one's own, then attested documents claiming land and building ownership. • Original documents ascertaining permanent source of finances intended for management of the school • Attested copies of the proposal letter regarding benefits and associated costs for staff and teachers employed by the school. • Letter of application to the Office of Company Registrar • Open online account on the OCR website 	2-3 days	Rs.5000-15000	All these documents are taken care of by an external lawyer and managed by self	
2.	Mapping application of the prospective school area	Within 1 day of form-filling at the DEO after all other documents have been collected and presented	Within Rs.1000 of the form	Included in Page. 3 of the application form for establishing /running a school	DEO
3.	Original recommendation letter from (relevant) Village Education Committee/Municipality	2-3 days		Additional documents to be presented: Tax invoice and lease contract.	Ward/ unicity
4.	Original letters of approval from 2 equivalent schools (Attested copies of letter of permission from other lower classes operating schools – when adding grades only)	1 week			From chosen schools
5.	Description of the tuition fee			The DEO verifies the fee-structure by the end of the three-month period	

6.	Letter of approval regarding the tuition fee from the DEO			Approved at the end of the three-month period of verification by the DEO	DEO
7.	Description of textbooks to be taught at the school			The school to prescribe textbooks on its own but all need to be CDC approved	Managed by self
8.	Decision letter regarding administration of scholarship by the SMC and list of students to be granted scholarship	1 day (for already existing schools)		The School Inspector approves the list after inspection	SMC
9.	Attested copies of letter of appointment of teachers, their citizenships, certificates of qualification and teaching permits			To be presented by the school management	Managed by self
10.	Attested copies of the founder's bio-data, citizenship and certificate of education qualification.			Self-managed	
11.	Attested copies of income tax documents (PAN number) and documents ascertaining payment of taxes.	1 week		Self-managed	Tax-office
12.	Attested copy of the audit report.	1 week (for existing schools)	Rs.15000	An external auditor/ accountant is hired at the end of every school year	Registered auditor
13.	Attested copy of decision of the SMC			The decision to be given at the end of the three month inspection period	DEO
14.	Security deposit in accordance to the rule (Primary Schools: Rs. 50,000/-, Lower secondary Schools: Rs. 1,50,000/- and Secondary Schools: Rs. 2,00,000/- ; fixed deposit accounts to be opened at either Nepal Bank Limited or Nepal Banijya Bank Limited or Agricultural Development Bank); attested copy of receipt of the security deposit	3 days (after acceptance by the DEO after 3 months)	As indicated	A letter form the DEO is needed prior to opening an account at the prescribed bank	Nepal Bank Limited/ Nepal Banijya Bank Limited/ Agricultural Dvelopment Bank
15.	Inspection report of the related inspection site/ resource center from a school inspector	1 day inspection		The report is presented by the inspector to the DEO after a day of site inspection	DEO

TIME TAKEN FOR ALL DOCUMENTS PROCUREMENT: 23 – 25 DAYS

TIME TAKEN FOR DECISION TO ARRIVE: Within 3 months of having submitted all required documents and application

TOTAL COST TAKEN: Rs.56, 000 – 66,000 + Registration fee according to one’s capital investment* to be paid at the OCR

Capital Investment*	Registration Fee
Rs.1,00,000	Rs.1000
Rs.1,00,001 – Rs.5,00,000	Rs.4500
Rs.5,00,001 – Rs.25,00,000	Rs.9500
Rs.25,00,001 – Rs.1,00,00,000	Rs.16000
Rs.1,00,00,001 – Rs.2,00,00,000	Rs.19000
Rs.2,00,00,001 – Rs.3,00,00,000	Rs.22000
Rs.3,00,00,001 – Rs.4,00,00,000	Rs.25000
Rs.4,00,00,001 – Rs.5,00,00,000	Rs.28000
Rs.5,00,00,000 – Rs.6,00,00,000	Rs.31000
Rs.6,00,00,000 – Rs.7,00,00,000	Rs.34000
Rs.7,00,00,001 – Rs.8,00,00,000	Rs.37000
Rs.8,00,00,001 – Rs.9,00,00,000	Rs.40000
Rs.9,00,00,000 – Rs.10,00,00,000	Rs.43000
Above Rs.10,00,00,000	Rs.30 per additional Rs.1,00,000

Source: Office of the Company Registrar

Analysis of the Current System for Registering Private Schools:

Though the Civil War has been effectively over since 2006, private schools still face obstruction when wanting to establish and partake in market driven education. As noted in Cadell (2007), bribery is commonplace during the registration and functioning of institutional schools; taking district officials 'to the local inns for meals' and having to employ their people as school personnel are a few cited examples. The procedural guidelines and associated costs and time as explained in previous pages alone pose a number of challenges and problems to easy entry into the education market in Nepal. A number of them have been highlighted here:

Multiple levels of bureaucracy:

The process of establishment of a private schools begins with first, its registration at the OCR as a company or trust, moving on to procuring an original letter of recommendation from the VDC, letters of approval from 2 equivalent schools and/or attested copies of letter of permission from lower classes or levels for level upgrades, then to getting a PAN number after which deposits need to be made in stipulated banks. Only after this, can one finally fill the form from DEO in order to ask for permission to open a

school. The length of these procedures are the most complained about by private school heads, as indicated by our interviews. Additionally one has to wait on the decision by the DEO for three months, which is decided by a one day inspection visit after all documents have been submitted.

It is evident that having to wait on so many bureaucratic levels is excruciatingly time and effort consuming. Getting registered at the OCR may take only up to 3 days after things have been handed over to a lawyer, but the cost of having to find a suitable lawyer is also to be accounted for. Recommendation from the VDC may also only take a day to procure but this is only one amongst the at least 5 bodies (the tax office, DEO, the VDC, the bank and similar schools) that need to be visited simply to get things going.

Questionable requirements:

According to Education Rules, 2002, edupreneurs, in addition to eighteen other documents, are also required to present two original letters of approval from two equivalent schools. It is also almost certain that similar schools will put-off giving letters of approval for the longest time as common perception holds that approval will lead to establishment of more competition. Competition leads to fear that a school may lose out pupils to the new establishment, which is precisely what public schools lack. A lack of fear of competition creates poorly

It is evident that having to wait on so many bureaucratic levels is excruciatingly time and effort consuming.

The directive also states how many schools of basic and secondary levels can be established in VDCs and/or municipalities.

unaccountable public schools because they are still heavily funded, even by foreign aid, despite their poor results (Tooley, 2009). The same goes for having to seek permission letters from schools for grade-upgrading. It takes, as previously stated, almost 25 days only to procure all documents and get things registered. This time consuming effort in addition to the lengthy waiting period may put off more and more edupreneurs to come into the education market. Having so many levels of bureaucracy to tackle also makes it easier for people to engage in rent-seeking behavior, making things even more expensive.

Discretionary deferrals or rejections:

One of the main complaints that was put forward by all interviewed school-heads was that if the school is rejected after the three month inspection wait, there are no formal channels that communicate the decision as such. The school founder/owner has to continually hound the school inspector for the news. Reasons for rejection are also not provided, which causes dilemma as to what needs to be changed in the

application and/or infrastructure so as to be given approval next year. School heads also complained of nepotism in the DEO, that schools that were considered for approval were usually those who had some informal relation with working staff at the DEO.

Quotas for private school establishment:

The Institutional School Criteria and Operation Directive 2012 (2069) came about as a response to ‘unplanned festering’ of private schools, particularly in urban areas of the country. The directive now also states how many schools of basic and secondary levels can be established in VDCs and/or municipalities (Table 5).

An interview given to us by a staff at the DEO stated that these education quotas were in fact decided on a random basis. But even if the quota were to be systematically decided, what would the government base its decision on? A possible logical response would point towards population. But the urban areas, where most private schools are, do not receive a steady in-migration and it is impossible to predict how many kids

Table 5. Quotas of schools in any given area.

Region	Basic level(1-8)	Secondary level(8-12)
Metropolitan (In each ward)	15	10
Sub-metropolitan (In each ward)	10	5
Municipality (In each ward)	7	3
VDC (Population above 5000)	7	3
VDC (Population below 5000)	5	2

Source: Institutional School Criteria and Operation Directive 2012 (2069)

and of what age range will be migrating to which parts of the urban area.

Deciding quotas in any sector limits competition for the existing service provider and that impedes innovation and incentive to constantly evolve to provide better services at cheaper rates. These quotas can also lead to administrative corruption as the edupreneurs chosen to meet the quota are the ones who can provide the most favors to the ones in the position to approve the school registration. Especially when enforcement is generally weak across the board in Nepal, further corruption might be fueled to allow registration even after the quota for a certain year is met.

The quota system also begets the question whether community schools are subject to the same quotas or not.

The school infrastructure mandate:

The state has come up with an 18 point infrastructure directive in Education Rules 2002 when it comes to classroom sizes and other specifics.

The Institutional School Criteria and Operation Directive 2012 (2069) has reinforced similar mandates for private schools that include having classroom sizes that fit at least 33 students among other reinforced criteria for library, playground and toilet specifications (see annex 1). It is debatable whether bigger classrooms translate into better results as seen by comparisons of public and private school infrastructures in the country. The public schools may follow seemingly all guidelines but are still seen to be unaccountable and lesser providers of quality education than private schools by parents. Another study conducted at the same time by Samriddhi Foundations delves deeper into the cost of complying with the recent directives and burden it imposes on edupreneurs.

It is debatable whether bigger classrooms translate into better results as seen by comparisons of public and private schools in the country.

The need of letter of approval from other 2 similar schools should be scrapped...

Recommendations for a shorter procedure:

It is evident by information presented above that performance of public schools has been dismal to say the least, marred by political intervention and unaccountability among other problems. Private schools on the other hand, have been growing increasingly more demand driven and favored above community schools and thus, the process for their establishment needs to be a fast-track simple procedure.

A one-stop policy:

Instead of having to rush to 5 different institutions, the Ministry of Education could set up the School Management Committee (SMC) as a one-stop procedural place, where all associated forms, money deposits and approval can be gathered from. The SMC could be set up in such a way that there are counters for stipulated banks and form counters so that there is at least one lesser procedural hassle. This way, the person registering schools can come in at the same place to take care of fulfilling the bank deposit requirement before submitting his/her form with all other necessary documentation.

The need of letter of approval from other 2 similar schools should be scrapped for the inspection by a school inspector itself could act as a more suitable mechanism for approval of establishment. New establishments

could in fact easily bribe other schools for letters of approval. It is also true that school inspectors display active-seeking behavior. However, lesser number of procedures automatically decrease incidence of corruption because of lack of more ways for money to travel.

This is evidenced by the 'State Regulations of Private Schools' (2009) in the USA as published by the US Department of Education. There are basically four main headings under which the opening of a school is subject to, namely, accreditation, licensing, registration and approval. Criteria for each state differs but most agree that fulfillment of only one or another sub-procedure as registration in the state's local department of education suffices as record for the school's existence. Only 18 states have registration requirements, and 5 (Arizona, Arkansas, Georgia, New Jersey and Ohio) don't have any requirements for either registration, accreditation, licensing or approval at all. There are the usual requirements of having to comply with health and safety and curriculum following. But registration in most states is optional and wherever mandatory, such as in California, is a much simpler process of filing an affidavit with the superintendent of public instruction annually (State Regulations of Private Schools, 2009).

Faster and concrete decisions:

As mentioned previously, prospective school heads are often kept in the dark as to why their applications to establish schools were deferred or cancelled altogether. This creates a confusing atmosphere as applicants are not given concrete answers or even causes for rejection in the year cycle. A system that gives a concrete decision by the end of the stipulated time and reasons for rejection shall help save time and energy on part of the prospective school owner. He/she can then confidently correct procedures deemed unfulfilled and re-apply. As identified, nepotism needs also be discouraged within bureaucracy through stringent rules that shall punish both the school inspector and the school-head found engaging in such practices.

Remove arbitrary quotas for number of schools to be opened in a year

The Institutional School Criteria and Operation Directive 2012 (2069) had been challenged heavily by PABSON in November, 2014, refusing to follow the directive that stipulated not only quotas but also infrastructure specifications that smaller low-cost schools, which are part of the umbrella body of PABSON, would find impossible to follow. This directive came in line with the Supreme Court directive to hike their fees only every three years and an outright blatant directive asking all existing schools with English or foreign

names to change their names to Nepali (The Kathmandu Post, 03/23/2013).

The directive also demanded the merger or closure of schools that could not meet set criteria. After having received verifiable proof that the quotas were decided arbitrarily and not based on research on market demand, there can be no other logical askance than to clear the arbitrary quotas of establishing number of private schools in particular areas. Schools should foster according to market rules and market demand. Assigning such quotas will only be limiting people's choices to education and consequently, lack of competition will turn private schools to monopolists, who, in the absence of other schools, could become tyrannical in their fee structures and redundant facilities.

Revision of school infrastructure mandate

Education Rules 2002 stipulates 18 mandatory guidelines for infrastructure of schools. It is commonly accepted that better infrastructure is a pre-requisite for good education. But Tooley challenges this wisdom by presenting case studies across India and Nigeria where low-cost private schools sans big airy buildings and large playgrounds continually produce much better results than the infrastructurally sound public schools. (We also have a separate paper coming up on the school infrastructure mandate soon,

Assigning such quotas will only be limiting people's choices to education...

Nepal aims to achieve primary universal education by 2015... private sector can and is playing an important role in trying to achieve this target.

where this topic will be further dealt with.)

Even in Nepal, low-cost private schools can be seen faring well and even better in terms of education providing than their public counterparts. However, when it does come to compliance, most schools in the valley are also seen to be not following these infrastructure guidelines but are still seemingly granted registration certificates. This indicates heavy corruption and bribery on part of the school-owners and school inspectors. The school-owners have no choice but to try and bribe school inspectors because they do not access to resources to own/create large infrastructure. Thus the infrastructure list needs to be revised particularly in terms of classroom size and playground size stipulation. Market forces shall automatically cause schools running on

profit to invest in better infrastructure and equipment thereafter to retain students. School infrastructure is the primary indicator looked at by school officials when it comes to granting school registration certificates but as evinced, this is not a valid indicator of education quality.

Nepal aims to achieve primary universal education by 2015 under the Millennium Development Goals. Pooling in money into public schools alone is not the answer. The private sector can and is playing an important role in trying to achieve this target. Nepal's Literacy Initiative could and should also be inclusive of recognizing independent private schools as a powerful tool for advancing literacy. Only then can the country achieve set educational goals.

List of Annexes

Annex - I

Infrastructure requirements for establishing a school

- A. Normal height of classrooms must be nine feet and safe from rain and sun.
- B. Class-wise per student area shall be not less than 0.75 square meters in case of pre-primary and primary schools and not less than 1 square meter in case of lower secondary and secondary schools.
- C. Classrooms shall be hygienically clean with good flow of air and light.
- D. Provision of furniture according to the number of students in each classroom.
- E. Provision of sufficient Clean Drinking water.
- F. Provisions of separate toilets for boys and girls except for pre-primary schools and one additional compartment for each additional Fifty students.
- G. Provisions of library with the availability of curriculum, textbooks and at the rate of Teacher Guidelines two books for each student.
- H. Teaching materials like Blackboard, Map, Globe, and Mathematical instruments as per requirement.
- I. A spacious school compound in which all the students could stand at a time.
- J. Provisions of sports materials and playground enough space for outdoor activities for the Pre-primary School and at least a ground for playing Volleyball for other school.
- K. Provision of Science equipment as per curriculum.
- L. Generally there shall be, minimum Twenty Two, maximum Forty Four and in average Thirty Three students in each section of an Institutional School and following number of students in the Community School:-
 - Valley/Terai region - 50 Students
 - Hilly region - 45 Students
 - Himalayan region - 40 Students
- M. Minimum number of teachers required for the Community School:
 - Secondary Level - 5 Teachers
 - Lower Secondary Level - 4 Teachers
 - Primary Level (class 1-3) - 3 Teachers
 - Primary Level (class 1-5) - 5 Teachers

Annex - II

Pre-primary Level - 2 Teachers

Provided that, the ratio of Class Teachers in the Institutional School shall be 1:1.4.

N. Permanent source of income of the school

O. Provisions of first aid to be made in the school.

P. Boarders house for the boarding schools.

Q. School premises to be surrounded by compound wall.

R. House rent agreement of at least for Five years in case a school is to be operated in a of rented building.

Source: Education Rules, 2059 (2002)

Permission to be granted to Open School:

(1) If an application is submitted pursuant to Sub-rule (1) of Rule 3 for permission to open a school, the District Education Officer shall upon examination of all necessary documents enclosed with the application so submitted and if it is found that all infra structures are met as referred to in Rule 4, grant permission in a format as provided in Schedule-4 at least Thirty days before the commencement of new academic session for the primary and lower secondary school and the application shall be forwarded to the Director along with the opinion of District Education Committee at least Two months before the commencement of the Academic session in the case of the secondary school.

(2) Prior to granting permission as pursuant to Sub-rule (1) or forwarding application to the Director, District Education Officer shall have to examine or cause to examine to satisfy whether the necessary infrastructures according to Rule 4 have been completed or not for the proposed school

(3) If an application pursuant to Sub-rule (1) is received, for permission to establish a secondary school, the Director shall examine all documents enclosed with the application and if the infrastructures as per Rule 4 for the proposed school are found to have been completed, permission to establish school shall be granted to the applicant in a format as provided in Schedule -4 at least Thirty days before the commencement of new academic session.

(4) If an application seeking permission to establish pre-primary school is received pursuant to Sub-rule (2) of Rule 3, the concerned Village Development Committee or the Municipality shall examine the proposed school building and other necessary documents enclosed with the application and if all the infra structures are found to have been completed as referred to in Rule 4 for establishment of such school, permission shall be granted in a format as provided in Schedule -5 to the applicant at least 30 days before the commencement of new academic session.

Source: Education Rules, 2059 (2002)

Annex - III

Questionnaire:

Name of respondent:

Age:

Occupation:

Name of school that they own/ are part of:

Address of the school:

- When did you establish the institute?
- When did you apply for the school registration?
- How long did the individual document compilation take? (refer to entire list of documents and the timeline that it took for each form to be filled/document to be compiled)
- How easy/hard was it to register the school/deal with the bureaucracy?
- What associated costs are there with each of the form filling?
- What happens after all required documents are compiled, the form submitted and the security deposit handed over?
- How much time does it take for the DEO to come to its decision?
- What happens after the decision is received?
- What additional procedures are there that need to be taken care of after the decision has been received?
- What additional procedures are to be followed after the school has been formally established?
- What monitoring and evaluation procedures are taken by the state to ensure quality education' at your school?
- What would you say accounts for parents and children's growing preference of private schools?
- What could be done to ease the process of the registration?
- Where are the copies attested?

Annex - IV

List of Interviewees:

- Sanumaiya Maharjan, Principle, Shubhadeep Public School, Kathmandu.
- Tika Ram Sharma, Chairman, Bal Vidhya Batika, Kathmandu.
- Gyendra Lama, Managing Director & Founding Principal, Praxis International Academy, Kathmandu
- Krishna Bahadur, Advocate

References:

Baker Tilly Nepal. (2014). Nepal Tax Fact F.Y. 2014/15. Retrieved from <http://www.bakertillynepal.com/wp-content/uploads/2014/07/Nepal-Tax-Fact-2014-15.pdf>

Bhattarai, T. (2009). Exploring Privatization in Education: Nepal as a Case of Study (Unpublished master's thesis). Katholieke Universiteit Leuven.

Caddell, Martha (2007). Private Schools and Political Conflict in Nepal. In: Srivastava, Prachi and Walford, Geoffrey eds. Private Schooling in Less Economically Developed Countries: Asian and African Perspectives. Oxford Studies in Comparative Education. Didcot, UK: Symposium, pp. 187–207.

Department of Education. (2013). Institutional School Criteria and Operation Directive 2012 (2069).

Ghimire, B. (2013, March 12). Pabson Now Snubs Govt Directive. The Kathmandu Post. Retrieved from <http://www.ekantipur.com/the-kathmandu-post/2013/03/11/nation/pabson-now-snubs-govt-directive/246263.html>

Ghimire, B. (2013, March 12). Pabson now snubs govt directive. The Kathmandu Post.

Government of Nepal, National Planning Commission, & United Nations Country Team of Nepal. (2013). Nepal Millennium Development Goals Progress Report 2013.

<http://ceslam.org/mediastorage/files/Large%20scale%20migration%20and%20remittance%20in%20nepal%20issues%20and%20challenges%20-%20hissan.pdf>

KC, K. (2015, July 17). Literacy campaign a damp squib. The Himalayan Times. Retrieved from <http://thehimalayantimes.com/kathmandu/literacy-campaign-a-damp-squib/>

Ministry of Education. (2010). Ministry of Education: A glimpse 2010. Retrieved from <https://stepsinnepal.files.wordpress.com/2011/01/ministry-of-education-a-glimpse.pdf>

Ministry of Education. (2012). School Level Education Statistics of Nepal Consolidated Report 2011 (2068).

Ministry of Education. (2014). Nepal Education in Figures 2014 At-a-glance.

Ministry of Education. (n.d.). About Us. Retrieved from <http://www.moe.gov.np/pages/content/1>

Ministry of Finance. (2014). Budget Speech of Fiscal Year 2014/15. Retrieved from <http://mof.gov.np/ieccd/newsbook/20140715244034.pdf>

Ministry of Finance. (2014). Budget Speech of Fiscal Year 2014/15.

Ministry of Finance. (2014). Budget Speech of Fiscal Year 2015/16.

Nepal Law Commission. Education Rules, 2059 (2002). Retrieved from [http://nepalpolicy.net.com/images/documents/education/regulation/Education%20Rules,%202059%20\(2002\).pdf](http://nepalpolicy.net.com/images/documents/education/regulation/Education%20Rules,%202059%20(2002).pdf)

Office of Company Registrar. (2006). The Companies Act, 2063 (2006).

Office of Controller of Examination. (2014). Nepal Education in Figures 2014. Ministry of Education.

Office of Controller of Examinations (2015). Informal data on SLC trends of community and institutional schools in Nepal.

Office of the Controller of Examinations. (2014-2010). School Leaving Certificate (SLC) Examination Statistics 2070 B.S. (2014 A.D.). Government of Nepal.

Parajuli, D. R., & Das, T. (2013). Performance of Community Schools In Nepal: A Macro Level Analysis. Retrieved from <http://www.ijstr.org/final-print/july2013/Performance-Of-Community-Schools-In-Nepal-A-Macro-Level-Analysis.pdf>

Poudyal, C. S. (2013). Private Schooling and Fayol's Principles of Management: A Case from Nepal. Retrieved from <http://dx.doi.org/10.3126/jer.v3i0.7849>

Pradhan, S. (2014, May 21). Doing Business in Nepal: Ins and Outs of the Company Registration Process in Nepal. Retrieved from <http://economynepal.com/the-ins-and-outs-of-the-company-registration-process-in-nepal/>

Rastriya Samachar Samiti. (2014, August 28). Nepal's first school awaits reconstruction. The Kathmandu Post.

Sharma, N. (2014, June 15). 28.19 pc pass SLC in public schools, 93.12 pc in private. Republica Daily. http://www.myrepublica.com/portal/index.php?action=news_details&news_id=77105

Subedi, G., Shrestha, M. G., Maharjan, R., & Suvedi, M. (2013). ESP Working Paper Series. Dimensions and Implications of Privatization of Education in Nepal "The Case of Primary and Secondary Schools" (48). Retrieved from The Privatisation in Education Research Initiative website: <http://www.periglobal.org/sites/periglobal.org/files/WP-No48-01-21-2014-FINAL.pdf>

Thapa, A. (2011). Does Private School Competition Improve Public School Performance? The Case of Nepal.

The World Bank (June 23, 2011). Large-Scale Migration And Remittance In Nepal: Issues, Challenges, And Opportunities.

The World Bank Group. (2013). Migration and Entrepreneurship in Nepal. Retrieved from http://ceslam.org/mediastorage/files/Migration%20and%20Entrepreneurship%20in%20Nepal%20with%20a%20focus%20on%20Youth_An%20Initial%20Analysis.pdf

Tooley, J. (2009). The Beautiful Tree. Washington D.C.: Cato Institute.

U. S. Department of Education. (2009). State Regulation of Private Schools. Retrieved from <https://www2.ed.gov/admins/comm/choice/regprivschl/regprivschl.pdf>

Upreti, B. R., K.C., Sony (2014). Service delivery in post conflict Nepal: Reflections from the education sector. Nepal Centre for Contemporary Research.

US Department of Education. (2009). State Regulation of Private Schools. Retrieved from <https://www2.ed.gov/admins/comm/choice/regprivschl/index.html?exp=0>

Wagley, M. P., & Jha, A. (2013). Country Report: Nepal Education in general and ICT in particular.

World Bank. (2001). Nepal Priorities and Strategies for Education Reform (22065-NEP). Retrieved from http://siteresources.worldbank.org/NEPAEXTN/Resources/publications/Education_Reform.pdf

More from Samriddhi...

01. Towards Enterprise Building in Nepal
02. Towards Enterprise Building in Nepal (Vol. II)
03. उद्यमशीलता विकास: हाते पुस्तिका
04. Economic Growth: a pocketbook series
 - i. आर्थिक स्वतन्त्रता
 - ii. उद्यमशीलता विकासमा बजारको भूमिका
 - iii. बजारका गुणहरू
 - iv. Role of Rule of Law in Enterprise Building
 - v. Role of Government in Enterprise Building (Vol. I)
 - vi. Role of Government in Enterprise Building (Vol. II)
05. Economic Growth and The Private Sector of Nepal
06. दासत्वको बाटो (Nepali Translation of “The Road to Serfdom”)
07. Nepal Economic Growth Agenda (NEGA), Report 2012
08. Critical Constrains to Economic Growth of Nepal
09. Investment Prospects and Challenges for Hydropower Development in Nepal
10. Review & Overview of Economic Contribution of Education in Nepal
11. Private Sector Participation in Transport Infrastructure Development in Nepal
12. Review & Overview of Economic Contribution of Tourism Sector in Nepal
13. Review of Agriculture Sector & Policy Measures for Economic Development in Nepal
14. Contract Enforcement: The Practicalities of Dealing with Commercial Disputes in Nepal
15. Foreign Direct Investment: Towards Second Generation of Reforms
16. Industrial Relations An Institutional Analysis
17. Doing Business in Nepal: Ground Realities
18. Analysis of the Performance of the Public Enterprises
19. Policy Options for Improving Industrial Relations in Nepal
20. Policy Options for Improved Electricity Transmission System in Nepal
21. Policy Options for Public Enterprises reform in Nepal: A look at two public enterprises
21. Economic Freedom Matters : Does Economic Freedom Effect *Kirana Pasals* in Nepal
22. Trade study series: A look at petroleum and fertilizer supply in Nepal

ABOUT SAMRIDDHI, THE PROSPERITY FOUNDATION

Samriddhi, The Prosperity Foundation is an independent policy institute based in Kathmandu that focuses on economic policy reform. Established in 2007, Samriddhi aims at facilitating a discourse on pragmatic market based solutions for a free and prosperous Nepal.

Known for bringing together entrepreneurs, politicians, business leaders, bureaucrats, experts, journalists and other groups and individuals to make an impact on the policy discourse of Nepal, Samriddhi works with a three-tier approach - Research and Publication, Educational and Training, Advocacy and Public Outreach. Some of its highly successful efforts include the annual economic policy reform initiative named "Nepal Economic Growth Agenda (NEGA)", a sharing platform for entrepreneurs named "Last Thursdays with an entrepreneur" and a regular discussion forum on contemporary political economic agendas named "Econ-ity". Samriddhi also hosts the secretariat of 'Campaign for a Livable Nepal', popularly known as Gari Khana Deu campaign.

One of Samriddhi's award winning programs is a five day residential workshop on economics and entrepreneurship named Arthalya, which has produced over 400 graduates over the past few years, among which more than two dozen run their own enterprises now.

The organization is also committed towards developing a resource center on political economic issues with its Political Economic Resource Center (PERC). Besides this, Samriddhi also undertakes localization of international publications on the core areas of its work. Samriddhi was the recipient of the Dorian & Antony Fisher Venture Grant Award in 2009 and the Templeton Freedom Award in 2011.

More about us at: www.samriddhi.org



/samriddhiTPF



/samriddhiTPF



www.samriddhi.org



Samriddhi, The Prosperity Foundation

P. O. Box: 8973, NPC 678 416, Bhimsengola Marga,
Minbhawan Kharibot, Kathmandu, Nepal

Tel.: (+977)-1-446-4616/448-4016 | Fax: (+977)-1-448-5391

E-mail: info@samriddhi.org | www.samriddhi.org