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Nepal School Education: On the Pathway of Transformation, 2022–2026

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Abstract

After the disruptions caused by the Covid-19 pandemic, School education system in Nepal has been visibly undergoing transformative changes since 2022, as a result of the implementation of the School Education Sector Plan (SESP), strengthening of federal governance and efforts to expand access. This paper analyzes this change by examining the data on school education available for the last five years (FY 2078/79 to FY 2082/83) in the Economic Survey of the Ministry of Finance and reading this evolution in the context of the SESP 2022-2032 from the Ministry of Education, Science and Technology. There is a continuous improvement in enrolment and retention, especially at the secondary level, and a gradual improvement in learning outcomes measured by the National Assessment of Student Achievement (NASA) remains low. It also observes a persistent trend of students leaving community schools for institutional or private schools, a reduction in the total number of teachers and a persistent gender imbalance in the number of teachers in secondary schools, and that public funding for education is still not adequate compared to international standards despite a steady rise. These trends, coupled with SESP's baseline analysis and financing framework, indicate that the identified challenges of 2022 – including low public investment, continued dependence on household financing, poor co-ordination post-federalisation and emphasis on access over quality – have not yet been addressed significantly halfway through the plan period. The paper refuses the dichotomy of access and transformation, and instead considers the advancement of access, quality, and equity as three elements that are advancing together in Nepal. It ends with a call for the forthcoming SESP midterm review as a "good time to evaluate if the structural issues discussed in recent years still affect outcomes on the ground, and to steer the next phase of reform toward more equitable and inclusive development.

Keywords: Nepal, school education, education financing, enrolment, learning outcomes, School Education Sector Plan, Economic Survey, education equity

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Introduction

Education has many dimensions and is a key enabler of sustainable development and individual empowerment as well as social cohesion and economic prosperity. Over the last two decades, the education sector in Nepal has seen many changes in the context of global efforts like Education for All (EFA) (Ministry of Education, Nepal, & UNESCO Office in Kathmandu, 2015) and Sustainable Development Goals (SDGs) (Government of Nepal, National Planning Commission, 2024a). Domestic reforms such as the School Sector Reform Plan (2009-2015) (SSRP) and the School Sector Development Plan (2016-2023) (SSDP) have been oriented towards improving access, quality and equity in education (Ministry of Education [MoE], 2009; MoE, 2016). Currently the educational plan being followed is School Education Sector Plan (MoEST, 2022). Despite these efforts, they still face problems, especially in converting budget allocations into tangible learning outcomes and enrolments.

The Constitution of Nepal 2074 guarantees free and compulsory basic education and free secondary education and the government has affirmed its commitment to providing quality education to all children time and again (Government of Nepal, 2015). The Local Government Operation Act of 2017 provides extensive power and authority to local governments in relation to schooling. They can prepare policies, laws, and standards for basic and secondary education, and oversee the establishment, approval, operation and regulation of community, institutional and cooperative schools. Their other duties include teacher and staff management, school naming, scholarships, examination and decisions on school merger or closure (Ministry of Law, Justice and Parliamentary Affairs, 2017).

In the last ten years, the policy of school education has been determined by two key documents. The first is the annual Economic Survey by the Government of Nepal, Ministry of Finance [MoF] which provides data on enrolment, retention, teacher levels, literacy, and public education expenditure (MoF, 2022, 2023, 2024, 2025, 2026). The latter is the School Education Sector Plan (2022), developed by the Ministry of Education Science and Technology (MoEST) after an extensive analysis of the sector, which outlines a ten-year strategy and a five-year financing programme to address the identified gaps in access, equity and quality of school education (MoEST, 2022).

These two documents are rarely examined together. The Economic Survey offers the most recent annual statistics on enrolment and retention and occasionally statistics on learning outcomes and education financing. It also does not specifically connect its conclusions with the objectives and targets of the sector plan. The School Education Sector Plan, however, offers a comprehensive picture of the education sector and a long-term funding plan, but was released prior to the majority of the data in the recent Economic Survey. This means it does not reveal if its assumptions and projections have come true.

This deficit is significant as the educational journey in the last five years varies across indicators. Overall, there has been little progress in improving enrolment and retention, and learning outcomes; further, there have been very limited gains in gender representation of teachers and in the mix of public and private funding, with some aspects even worsening. It is easy to see these two documents individually, and take the increase in enrolments as proof of improvement in the education sector, without taking the time to read these two documents together and notice the warning in the sector plan that improving access is not enough to bring about better quality or equity in education.

This paper aims to combine these two sources in one analysis. The specific research objective is to analyse the data from Economic Survey 2078/79-2082/83 for the school education sector over the last five years compared to the baseline assessment, targets and financing projections of the School Education Sector Plan 2022. The study objective is to determine whether the major challenges with access, equity and quality identified at the start of the plan period have been mitigated or not, and find out where the two sources converge, where they diverge and where there are important areas that need to be monitored and data gathered in the future.

Literature Review

Nepal's school education has undergone significant transformation in the last 20 years, and recent studies offer a number of approaches to understanding this transformation. Sharma and Sunuwar (2026) demonstrated from the census that literacy rate and school attendance has increased consistently over time, and that number of girls attending schools has increased compared to before. Their research, however, also revealed that the gender gap is very high at higher education and particularly in the STEM field, and that the location of a higher education institution still influences who attends it. That is important to learn about in the context of Nepal as it reveals that positive growth in basic schools does not necessarily translate into positive outcomes later on.

Sharma and Sunuwar (2026) concentrated on numbers and outcomes, whereas Basnet (2026) drew more in-depth attention to how teaching has itself changed. Basnet explained that the approach moved from the traditional Gurukul system and chalk-and-blackboard learning to digital and interactive teaching, which utilize various tools like Artificial Intelligence (AI), Virtual Reality (VR), and Learning Management Systems (LMS). The picture Sharma and Sunuwar (2026) draw is supplemented by this: While more students – including girls – are getting access to schools, the manner in which they are being taught within schools is also changing. However, Basnet (2026) warned of new risks associated with this digital transformation, including a potential digital divide where students in rural communities with limited access to internet and devices may miss out. Sharma and Sunuwar (2026) had identified access inequality in higher education which seems to be the same issue in the context of digital transformation.

The Covid-19 pandemic is an obvious juncture in this transformation narrative. During COVID-19, three approaches to teaching were used in Nepal: a one-way teaching model using radio, TV, and telephones; a two-way teaching model using the internet and computer-based tools; and community-based mobile teaching model in areas with limited internet access (Gyawali, 2020). The urban-rural divide highlighted during Covid-19 did not take a break after schools reopened, as Basnet (2026) would later point out that uneven digital access was an issue that persisted, coinciding with the issues raised by Gyawali (2020) regarding the need for a right model based on local internet access. In the wake of the pandemic, Adhikari et al. (2023) expanded this discussion by demonstrating that COVID-19 really compelled the government to devolve more management of schools to the local government, accelerating a process that had been gaining momentum since 2017's Local Government Operation Act. In this way, the pandemic did not halt the transformation of education in Nepal, but rather it was a catalyst for education transformation that was already ongoing.

The shift towards decentralization dovetails with Shrestha's (2024) policy level research that suggests that Nepal's education policy is influenced by foreign assistance, global development agendas like the Sustainable Development Goals, and neoliberal education reform approaches, but top-down policy-making frequently excludes local governments and communities. The findings of the study by Neupane (2023) also concurred that there is an imbalance in the current situation that Nepal's primary education is being supported more than secondary education, which requires a shift in the process of governance from top to bottom, with the participation of parents and communities in schools. When adding together these three papers, Reading Shrestha (2024), Neupane (2023), and Adhikari et al. (2023), a common theme emerges: although schools have been transferred to local governments in a legal sense, the coordination between the national policy goals and what is happening in the classroom remains weak.

Equity is also a theme in this literature although from a different perspective. Gandharba and Pant (2023) specifically examined the challenges that Dalit children face in Nepal and concluded that “Leave No One Behind” remains excluded and marginalised communities are still not achieving fair access to education, despite the SDG commitment. This adds to the findings of Sharma and Sunuwar (2026) on gender, as both studies highlight that while there may be improvements in enrolment and access at headlines, the underlying inequalities stemming from caste and gender may remain poorly addressed in policy documents.

When it comes to schools, things are a bit more detailed. In a decentralised system of schooling, weak administrative leadership, limited teacher support and poor classroom environments did not cease to impact education quality even in the private sector, as stated by McNeil (2023), who recommends setting minimum quality standards for all public and private schools. A more relational perspective was taken by Wagle, Dhungana, Luitel, Krogh and Dahal (2023), who demonstrated how participatory action

research in a public school site can result in meaningful transformation, often through a process of collaboration between researchers, teachers and communities. While McNeil's (2023) more structural, deficit-driven perspective on school quality provides a different lens, Wagle et al. (2023) offer a more optimistic, process-oriented view of school transformation, where transformation can happen organically from within a school community. Both of these studies indicate that while change in the schools of Nepal could be a policy and a resource issue, it could also be a school level relationship, leadership and ownership issue.

Overall, this literature reflects a series of interconnected changes in Nepal's school education system, including increasing access, literacy rates, a transition to digital and interactive learning, a rapid but unevenly progressed decentralization of governance, and efforts to mainstream marginalized groups like Dalits and ensure quality at all schools. It is not yet apparent from the available sources how these various strands link together in a cohesive coherent narrative through time. The majority of studies reviewed here focus on one topic at a time, such as the theme of gender and enrolment (Sharma & Sunuwar, 2026), digital learning (Basnet, 2026), federal policy (Shrestha, 2024), pandemic response (Gyawali, 2020), Dalit equity (Gandharba & Pant, 2023), or individual school quality (McNeil, 2023; Wagle et al., 2023), and very few of them examine the period between 2022 and 2026, when Nepal's schools have been tasked with managing post-pandemic recovery, increasing adoption of technology, new federal governance arrangements, and persistent equity gaps simultaneously. Research that is based on the 2021 census, for example, reflect conditions prior to or during the pandemic, but don't explain what the combined impacts of these changes have been in the years since.

This absence in the literature is the forte of a study titled 'Nepal School Education: On the Pathway of Transformation 2022-2026'. A study that connects trends in access and gender, shift to digital learning, decentralized governance, pandemic recovery and equity for marginalized groups in a single and current time frame can provide a more cohesive and up-to-date picture of the distance Nepal's school education journey has travelled and how far it will go.

Objective and Methododolgy

The objective of this paper was to analyse school education sector in Nepal for FY 2078/79 - 2082/83 (2022-2026) and to find out whether the access, equity and quality issues that were identified in the beginning of the plan period have mitigated. In so doing, the study used qualitative document analysis method with descriptive analysis method, which is secondary education statistics (Bowen, 2009). The figures are taken from the education chapters of Economic Survey (2022, 2023, 2024, 2025, 2026) prepared by the Ministry of Finance (MoF) and relevant targets of the SESP 2022-2032 (MoEST 2022). The data cover fiscal years 2078/79 to 2082/83. The Economic Survey

provides provisional estimates for the current year and revised estimates for previous years and the latest revised estimates are used in this paper where available. Changes in enrolment indicators have some impact from the revised national census projections and statistical processes in 2078, but not directly on the actual changes of participation in education (MoF, 2023, 2026). These methodological issues are taken into account in the interpretation of trends. In addition to numerical data, the documents were systematically analysed to find policy priorities, repetitions, contradictions and implementation challenges. The analysis focused on the interpretation and meaning making of the statistical trends from the Economic Survey in relation to the goals, strategies and concerns as identified from the SESP 2022–2032 (Bowen, 2009).

The Findings: Enrolment: Expanding Access

Table 1 reports gross and net enrolment ratios (GER and NER) for the basic cycle (Grades 1 to 8) and the secondary cycle (Grades 9 to 12) for the five most recent school years. The data come from five consecutive editions of the Survey (MoF, 2022, 2023, 2024, 2025, 2026). Gross enrolment at both cycles rose more or less continuously over the period. This reflects over age and repeat enrolment as much as new entrants. Net enrolment at the basic level stayed broadly stable, in the 94 to 98 percent range, throughout. At the secondary level, net enrolment climbed gradually from 54.3 percent in FY 2078/79 (MoF, 2022) to 57.9 percent in FY 2080/81 (MoF, 2024). It then fell to 55.8 percent in FY 2081/82 (MoF, 2025) and dropped sharply to 35.4 percent in FY 2082/83 (MoF, 2026). The Economic Survey 2082/83 (MoF, 2026) says this drop comes from a change in the population denominator, the shift to the National Statistics Office's Real Time Data Base for age specific population estimates. It is not evidence of an actual exodus of secondary age students from school. Analysts using this series should treat the most recent secondary NER figure as not directly comparable to earlier years (MoF, 2022, 2023, 2024, 2025).

Table 1. Gross and net enrolment ratios basic and secondary levels, FY 2078/79 to 2082/83 (%)

Indicator	**2078/79 (2022)**	**2079/80 (2023)**	**2080/81 (2024)**	**2081/82 (2025)**	**2082/83 (2026)**
Pre-primary GER	89.6	94.9	99.9	101.0	121.1
Grade 1 gross admission rate	127.0	125.7	115.9	141.1	171.9
Grade 1 net admission rate	96.3	95.9	95.7	93.7	87.7
Basic (1 to 8) GER	118.0	119.3	120.4	124.8	136.1
Basic (1 to 8) NER	95.1	96.1	95.1	94.1	97.8
Secondary (9 to 12) GER	54.3	57.4	57.9	80.6	85.7
Secondary (9 to 12) NER	54.3	57.4	57.9	55.8	35.4

Source: Compiled by author from MoF (2022, 2023, 2024, 2025, 2026), education chapter tables.

Retention and Completion

Table 2 shows retention rates to Grades 8, 10, and 12, compiled from MoF (2022, 2023, 2024, 2025, 2026). Retention to Grade 10 and Grade 12 improved steadily over the five years. Grade 12 retention nearly doubled, from 33.1 percent in FY 2078/79 (MoF, 2022) to 41.0 percent in FY 2082/83 (MoF, 2026). This is consistent with the post COVID recovery documented in earlier Surveys (MoF, 2023, 2024) and with the phased rollout of the new school curriculum starting in FY 2080/81 (MoF, 2025). Grade 8 retention rose steadily from 85.1 to 86.5 percent between FY 2078/79 and FY 2081/82 (MoF, 2022, 2025), but then fell sharply to 79.1 percent in FY 2082/83 (MoF, 2026). This is the only decline recorded for any retention indicator in the period. The 2082/83 Survey (MoF, 2026) does not explain this reversal. It happened in the same year that total basic level enrolment also dipped and the population denominator was revised. The fall deserves a dedicated, disaggregated follow up. It should not be read at face value as a sudden rise in basic level dropout.

Table 2. Retention rate by grade and basic education completion rate, FY 2078/79 to 2082/83 (%)

Indicator	**2078/79 (2022)**	**2079/80 (2023)**	**2080/81 (2024)**	**2081/82 (2025)**	**2082/83 (2026)**
Retention to Grade 8	85.1	85.7	86.2	86.5	79.1
Retention to Grade 10	66.1	67.3	69.9	66.9	74.6
Retention to Grade 12	33.1	35.6	37.2	40.6	41.0
Basic education completion rate	76.2	77.1	80.3	82.4	77.1
Out of school children, age 5 to 12	4.9	3.9	4.9	5.9	2.2

Source: Compiled by author from MoF (2022, 2023, 2024, 2025, 2026).

Community and Institutional Divide

All five Surveys (MoF, 2022, 2023, 2024, 2025, and 2026) show the same pattern. The community, or public, school system is slowly losing its share of both schools and enrolment to institutional, or private, schools. Table 3 compares the three years where directly comparable figures are available in successive Surveys (MoF, 2024, 2025, 2026). The share of schools that are community run fell from 74.1 percent in FY 2080/81 (MoF, 2024) to 71.3 percent in FY 2082/83 (MoF, 2026). The institutional share rose from 22.0 to 24.9 percent over the same period. The shift is sharper on the enrolment side. The share of students attending community schools fell from 69.9 percent (MoF, 2024) to 62.2 percent (MoF, 2026), a decline of almost 8 percentage points in just two years. Institutional school enrolment share rose from 30.1 to 37.8 percent. Community schools continue to enrol a much higher share of poor, Dalit, and

rural students, based on the Survey's own scholarship targeting data (MoF, 2026). So this trend has direct implications for educational equity, even where overall enrolment ratios are rising.

Table 3. Community versus institutional school share, FY 2079/80 to 2082/83 (%)

Indicator	**2080/81 (2024)**	**2081/82 (2025)**	**2082/83 (2026)**
Community schools, share of total schools	74.1	73.0	71.3
Institutional schools, share of total schools	22.0	23.0	24.9
Traditional or religious schools, share of total schools	3.9	4.0	3.9
Students enrolled in community schools	69.9	66.7	62.2
Students enrolled in institutional schools	30.1	33.3	37.8

Source: Compiled by author from MoF (2024, 2025, and 2026).

It is important to note that, before the SESP 2022 was developed, the community school to institutional school transition had already begun. MoEST (2022) reports that over a quarter of all school students and over half of ECED and preprimary students were enrolled in institutional schools by FY 2019/20. Meanwhile, enrolment at community schools in most years decreased during this period. The SESP also discovered that expenditure on education at the household level was also higher than public expenditure of all levels except lower basic education (Grades 1 to 5). This included ECED and Grades 11 and 12, where the private spending rate was particularly high (MoEST, 2022). The same levels are at which the Economic Survey data indicates that institutional school enrolment continued to grow. The SESP saw this as not a 'one-off' concern, but a long term equity concern as many families were funding education when the Constitution states that it is free. The data from the 2082/83 Economic Survey also confirms this trend indicated in Table 3 (MoF 2026).

Teacher Workforce

The total number of school teachers recorded in the Survey fell from 286,088 in FY 2080/81 (MoF, 2024) to 279,585 in FY 2081/82 (MoF, 2025), and further to 271,344 in FY 2082/83 (MoF, 2026). This represents a decrease of approximately 5% in total student numbers over the last two years, despite a stable overall enrolment. It means that the average pupil/teacher ratio is increasing across the country. The representation of teachers in terms of females increased marginally, from 42.2 percent in FY 2080/81 to 43.7 percent in FY 2082/83 (MoF, 2024, 2026). But it remains sharply uneven by level. At the Grades 1 to 5 level specifically, the female teacher share was 56.6 percent in FY 2082/83, the only year this narrower band is separately reported (MoF, 2026); across the broader Grades 1 to 8 band, the female share fell from 54.1 percent in FY 2080/81 to 49.1 percent in FY 2082/83 (MoF, 2024, 2025, 2026). At the secondary level, Grades 9

to 12, the female share ranged from 18.1 to 22.9 percent across the period (MoF, 2024, 2025, 2026); for Grades 11 and 12 specifically, only one year is separately reported, and recalculating from the underlying teacher headcounts (1,609 of 11,366 teachers; MoF, 2025) gives a female share of approximately 14.2 percent in FY 2081/82. The gender parity index for teaching staff at Grades 11 and 12 remained the lowest of any indicator reported in the Survey, at 0.2, compared to 1.0 to 1.3 at the basic level (MoF, 2026). This pattern, women concentrated in lower grades and largely absent from senior secondary teaching, was stable across all five years and shows no sign of narrowing.

Table 4. Teacher workforce size and female share by level, FY 2080/81 to 2082/83

Indicator	**2080/81 (2024)**	**2081/82 (2025)**	**2082/83 (2026)**
Total teachers, all school types	286,088	279,585	271,344
Female teachers, overall share (%)	42.2	42.6	43.7
Female teachers, basic level, Grades 1 to 5 (%)	-	-	56.6
Female teachers, Grades 1 to 8 (%)	54.1	48.9	49.1
Female teachers, secondary Grades 9 to 12 (%)	19.0	18.1	22.9
Female teachers, Grades 11 and 12 only (%)	-	14.2	-

Source: Compiled by author from MoF (2024, 2025, 2026).

The **SESP 2022** also provides useful context for understanding the decline in teacher numbers. Before the plan began, teacher salaries already accounted for more than 65 percent of total school education spending (MoEST, 2022). The SESP estimated a five-year budget of about NPR 978 billion for 2022/23 to 2026/27, with about 68 to 69 percent allocated to staff costs. Most of the projected increase in spending was for teacher salaries, especially through conditional grants for upper basic and secondary schools (MoEST, 2022). The plan also explained that much of its projected NPR 132 billion funding gap would result from transferring teachers who were already employed and paid by local governments or schools onto the federal conditional grant system, rather than hiring new teachers (MoEST, 2022). Together with the declining teacher numbers reported in Table 4 of the *Economic Survey* (MoF, 2024, 2025, 2026), this suggests that funding and budget arrangements may have contributed to the decline in teacher numbers. However, the *Economic Survey* does not identify the exact reason for this trend.

Literacy

Literacy rates reported in the Survey have not changed since FY 2079/80 (MoF, 2023), when the Ministry began using figures from the 2078 national census: 76.3 percent for the population aged 6 and above, 94.2 percent for ages 15 to 24, and 71.2 percent for ages 15 and above. These figures did not move across three consecutive Surveys, from FY 2080/81 through FY 2082/83 (MoF, 2024, 2025, 2026). This shows that no updated

household survey or census based recalculation happened in that time. The reported flat trend is a result of infrequent data collection, not a genuine plateau in literacy. It should not be read as three years of zero progress.

Table 5. Literacy rate by age group, FY 2078/79 to 2082/83 (%)

Indicator	**2078/79 (2022)**	**2079/80 (2023)**	**2080/81 (2024)**	**2081/82 (2025)**	**2082/83 (2026)**
Literacy rate, age 6+	78.0	76.3	76.3	76.3	76.3
Literacy rate, age 15 to 24	88.6	94.2	94.2	94.2	94.2
Literacy rate, age 15+	58.0	71.2	71.2	71.2	71.2

Source: Compiled by author from MoF (2022, 2023, 2024, 2025, 2026). Figures from FY 2079/80 onward use the 2078 national census.

Learning Outcomes

Unlike enrolment and retention, standardized learning assessment data are reported only now and then. They come from the National Assessment of Student Achievement (NASA), not from an annual MoEST census, so a full five-year time series is not available. The most recent figures cited in the Economic Survey 2082/83 (MoF, 2026), from NASA rounds in 2018, 2020, 2022, and 2023, show persistently low subject competency. In the 2022 Grade 5 assessment, only 22.0 percent of students reached the minimum expected competency in mathematics, up from 28.0 percent scoring below minimum in 2018 terms, a modest improvement. Meanwhile 51.0 percent met the minimum in Nepali, 53.0 percent in science, and 44.0 percent in English (MoF, 2026). At Grade 10 in the 2023 round, minimum competency was reached by only 40.0 percent of students in mathematics, 46.2 percent in Nepali, 49.9 percent in science, and 70.6 percent in English (MoF, 2026). Grade 3 reading and numeracy assessments showed only small improvement between 2020 and 2023, reading up 1.4 points and numeracy up 13.0 percent (MoF, 2026). A supervisory assessment of 430 community secondary schools across five districts in FY 2081/82 rated 342 schools as average overall, 86 as medium, and only 2 as weak (MoF, 2026). This school level rubric is not directly comparable to student level competency scores. Taken together, these figures show that while the Survey's enrolment and retention indicators improved over the five years reviewed (MoF, 2022, 2023, 2024, 2025, 2026), the learning outcome indicators, which are reported much less often, do not show a comparable trajectory, particularly in mathematics and science.

Table 6. Selected learning outcome indicators from NASA, as reported in Economic Survey 2082/83

Grade / round	Mathematics	Nepali	Science	English
Grade 5, 2018, % below minimum competency	28.0	45.0	NA	NA
Grade 5, 2022, % achieving minimum competency	22.0	51.0	53.0	44.0
Grade 10, 2023, % achieving minimum competency	40.0	46.2	49.9	70.6

Source: MoF (2026), citing NASA rounds of 2018, 2022, and 2023.

The low NASA scores reported in the *Economic Survey* support concerns that were already identified in the **School Education Sector Plan (SESP) 2022**. Before these NASA results were available, the SESP, based on Education Review Office reports and student achievement assessments, concluded that improvements in school access had been greater than improvements in learning outcomes (MoEST, 2022). The plan therefore identified improving foundational learning and student achievement as one of its main objectives, together with ensuring equitable access. However, the SESP allocated only about 8 percent of its five year budget to quality improvement activities, while about 82 percent was allocated to expanding access (MoEST, 2022). This difference in funding may help explain why enrolment and retention improved more than learning outcomes during the study period.

Public Investment

The education sector's reported contribution to GDP rose from 8.1 percent in FY 2078/79 (MoF, 2022) to 8.3 percent in FY 2079/80, as revised (MoF, 2024), and an estimated 8.5 percent in FY 2080/81 (MoF, 2024). These are the only three years for which this specific indicator is reported in the Surveys reviewed. The Surveys for FY 2081/82 and FY 2082/83 (MoF, 2025, 2026), as excerpted, do not carry a directly comparable GDP contribution figure for the sector. This limits the ability to track this indicator through the end of the review period. Scholarship spending and reach, which the Survey reports more consistently, show a large jump in the number of community school scholarship recipients, from 1,143,631 students in FY 2080/81 (MoF, 2025) to 1,552,168 in FY 2081/82 (MoF, 2025), a 36 percent increase, followed by a slight decline to 1,540,103 in FY 2082/83 (MoF, 2026). Reported total scholarship spending was about NPR 7.39 billion in FY 2081/82, across school, technical, higher, and medical education (MoF, 2025). The Survey for FY 2082/83 (MoF, 2026) cites a lower figure, NPR 6.74 billion, for school level community school scholarships disbursed the prior year. This is a definitional difference, total cross sector spending versus school level spending only, that should be resolved before comparing the two figures directly.

Table 7. Education's contribution to GDP and scholarship coverage, selected years

Indicator	**2078/79 (2022)**	**2079/80 (2023)**	**2080/81 (2024)**	**2081/82 (2025)**	**2082/83 (2026)**
Education sector's share of GDP (%)	8.1	8.3	8.5	n/r	n/r
Community school scholarship recipients (students)	-	-	1,143,631	1,552,168	1,540,103

Source: Compiled by author from MoF (2022, 2023, 2024, 2025, 2026). n/r means not reported. Note: the 8.3% FY2079/80 figure shown is the value as revised in MoF (2024); MoF (2023) originally reported a provisional estimate of 8.22% for that year.

School Education Sector Plan 2022 provides important background for understanding the findings in Table 7. According to MoEST (2022), education spending as a share of the national budget was about 8.5 percent in FY 1992/93, increased to 17.1 percent in FY 2010/11 during the Education for All campaign, declined to 9.9 percent in FY 2017/18, and recovered to only 11.7 percent by FY 2020/21. Spending on education has averaged 13.2% of the national budget and approximately 4.2% of GDP from FY 2011/12 to FY 2020/21. These are lower than the international benchmark suggested by the SESP of spending 4 – 6 percent of GDP or 15 – 20 percent of the national budget on education (MoEST, 2022). The small percentage rise in Table 7, from 8.1 in FY 2078/79 to 8.5 in FY 2080/81 (MoF, 2022, 2024), thus indicates an ongoing long term underinvestment, and not a significant improvement.

It also estimated that there will be a funding shortfall of 132 billion NPR in 2022/23 to 2026/27, representing around 13.5 percent of the total five year funding requirement of the SESP. The plan identified a gap, with households and the private sector funding 55.6 per cent of total school education expenditure (TSEE) already (MoEST, 2022). This trend of continued reliance on private financing is reflected in the continued rise in enrolment in institutional schools as illustrated in Table 3 (MoF, 2024, 2025, 2026).

Discussions of Findings

Three key findings come from the five-year comparison. First, the key access indicators such as gross enrolment, participation at pre-primary and retention up to higher secondary levels have improved over the period. The progress is attributed to ongoing investments in scholarships, free and compulsory education policies and continued development of infrastructure such as classroom construction and the provision of ICT facilities as reported in the Economic Surveys (MoF, 2022, 2023, 2024, 2025, 2026).

This is in line with broader trends of overall progress in literacy and enrollment in Nepal, where girls' enrollment at the basic level has been increasing (Sharma & Sunuwar, 2026). The growing accessibility of ICT facilities in the Economic Surveys also illustrates a general trend that is occurring in Nepali classrooms as more of them are transitioning from teacher-centred chalk-and-blackboard learning to a more digital and interactive method of teaching and learning (Basnet, 2026). The trend is also in line with the targets of the Government of Nepal's Sixteenth Plan (Fiscal Year 2024/25 to 2028/29), which seeks to achieve basic-level (Grades 1–8) completion rate of 100 percent by FY2028/29, and secondary completion (up to Grade 12) of 55 percent by the same period (Government of Nepal, National Planning Commission, 2024b).

Second, some of the decreases that have occurred in indicators may be due to changes in data collection, but not necessarily to fewer students participating. For instance, population estimates changes can impact on the net enrolment in secondary schools and retention in grade 8 in FY 2081/82. The change in the population base (MoF, 2026) was identified by the Ministry of Finance; however, this methodological shift may not be noticed if reported results are compared without taking into account the change in the population base. For literacy, the rate is the same as that in FY 2079/80, since it is based on the national census of 2078 and has not been updated with a recent household survey. This drop in periodic data collection should be interpreted as a drop, not as a sign of a literacy level "plateau.

Third, and most significantly from an equity perspective, although Nepal's education progress in recent years has been greater in terms of access, it is weaker in terms of improving quality and equity, as schools and children have shifted from the community sector to the institutional (private) sector, and women are not well represented in the teaching workforce (MoF, 2024, 2025, 2026), and there is limited and uneven information on learning outcomes (MoF, 2026). This relates to patterns at the individual school level, which suggest that even in the institutional (private) sector, teacher support, administrative leadership and classroom conditions were found to be weak, even when the school sector is perceived as providing a better quality of school than the community schools (McNeil, 2023). This ongoing trend towards private schooling therefore may be a perception of quality rather than an assured quality (Adhikari & Pasa, 2021). Furthermore, the disparities in the representation of women in the teaching profession align with the overall gender impediments in Nepal's higher education system and STEM sectors, where women remain underrepresented due to structural and locational barriers (Sharma & Sunuwar, 2026). Similarly, the lack of availability of learning outcome data has the same issue as noted in the case of Dalit children, that they are still not able to access genuinely equitable and inclusive education due to ambiguous and inconsistent policies under "Leave No One Behind" (LNOB) (Gandharba & Pant, 2023, p. 1).

It indicates that the inequity gap is not only gender or caste based, but a gap that is broader than that, in terms of availability of any valid data that would enable us to keep track of whether everyone is benefiting from education reform. A related worry is raised by the Sixteenth Plan, which states that while the enrolment rate appears to be quite high, the school dropout rate and learning outcomes of students are not satisfactory (Government of Nepal, National Planning Commission, 2024b, p. 86). This challenge is also reflected in the baseline data in the Plan: only 59 percent of grade 8 learners achieved at the minimum level in Nepali language, 52 percent in English, 32 percent in mathematics and 38 percent in science in FY2022/23. The targets set for FY2028/29 are 70, 58, 55 and 60 per cent respectively (Government of Nepal, National Planning Commission, 2024b). While these are improvement targets, they do not necessarily suggest that many students will be performing below expected minimum standards.

Going forward, the Economic Survey should thus present a regular, annual learning outcome indicator in addition to information on enrolments and make it explicit if there have been changes in population estimates or measurement methods in the standard notes. This would be in line with the existing results framework of the Sixteenth Plan, which includes the minimum learning achievement at grade 8 in its result indicator table (Government of Nepal, National Planning Commission, 2024b). The progress achieved could be reported through these indicators provided they are already used in the government's Economic Survey. These results are not surprising when compared with the results obtained by the SESP 2022. Prior to the implementation of the plan, the Ministry of Education, Science and Technology (MoEST, 2022) identified a number of key challenges: Low public investment in education relative to international standards, high private investment, dominated by households (48.9 per cent) with a total share of private investment in schools of 55.6 per cent, and weak coordination after federalisation.

The same lack of coordination in post-federalisation governance has been observed in the literature of Nepal's education policy, indicating that national policy goals are more effectively implemented at the classroom level in absence of strong linkages with local government and community (Shrestha, 2024). The high burden of household contributions is also a concern encapsulated in other findings on education financing in Nepal, such as donor-driven priorities and poor government financial planning leading to imbalances, like higher support for primary education than secondary levels (Neupane, 2023). A large proportion of the SESP's resources was devoted to expanding access, with comparatively fewer resources allocated to improve the quality of education in schools (MoEST, 2022). The School Education Sector Plan (2022–32), review of ratios of students per teacher, and guarantee of minimum availability of subject teachers in all schools for all subjects are commitments in the Sixteenth Plan, which follows this direction (Government of Nepal, National Planning Commission, 2024b). The Plan also features the Expanding Investment for Quality and Inclusive Education program, which aims to boost the amount of education investment and spend

2 percent of the national budget on research and development by the end of the plan period (Government of Nepal, National Planning Commission, 2024b). This is a response to the low investment concerns raised by the SESP.

The analysis of the Economic Survey information used in this study suggests that access and quality of services are still far apart, approximately four years into the 10-year SESP period. Enrolment and retention is better evidenced than learning outcomes. The in-migration of learners from community schools to institutional schools also poses questions to the public's faith in the government schools. The reduction in teachers' number is likely to be related to the financing and staffing issues outlined in the SESP but the Economic Survey does not offer any evidence to support this (MoEST, 2022). Importantly, there have been real opportunities for local governments to boost school governance since the onset of the COVID-19 pandemic has compounded the tendency to devolve control of school management to the local government level (Adhikari, 2022; Adhikari et al., 2023), but the continued lack of sufficient funding and human resources indicate that this devolved authority has not yet been translated to increased local capacity to manage teacher deployment. Evidence of recognition of these challenges is also seen in the Sixteenth Plan which pledged to review student-teacher ratios and guarantee minimum student-teacher positions (Government of Nepal, National Planning Commission, 2024b), but more evidence is required to assess the progress.

These findings highlight the importance of the SESP midterm review planned for 2026/27. The review should consider not only progress in terms of enrolment and retention but also whether financing and governance issues identified at the outset of the plan are impacting on outcomes for education. This requires approaches beyond the top down measurement approach, as evidenced by participatory, school-level research that has found meaningful and enduring change emerging from true collaboration between researchers, teachers, and communities, rather than from national targets alone (Wagle, Dhungana, Luitel, Krogh, & Dahal, 2023). Review of SESP in FY2026/27 and periodic planning review will take place after completion of the Sixteenth Plan, which will be an opportunity to build a common monitoring system measuring learning outcomes, equity and quality in education. This would help to ensure the education reforms in Nepal are not merely a quest for access, but for improvements in the learning outcomes of students and their inclusion.

Conclusion

The paper indicates that, based on the findings of Nepal's Economic Survey over the last five years, there has been further improvement in access to school and the role of community schools has been slowly eroded due to the increasing enrolment of children in institutional schools. It also draws attention to an ongoing gender imbalance in the teacher workforce of secondary schools, a drop in teacher enrolment despite relatively stable secondary school enrolments, and little evidence of progress in learning

outcomes, especially in mathematics and science. The reported literacy rates have not changed during the same time frame, but that's not a sign of a plateau but rather of the lack of new census data. These findings lead to the conclusion that education sector information cannot be completely captured by enrolment and retention information. They should be read in conjunction with learning outcomes, equity indicators and other indicators of education quality. Year to year changes should also be viewed with caution as they could be due to reporting or data collection differences. These results are indicative of a large number of the challenges identified at the start of the Plan period which have yet to be addressed. The continued equity gaps and the need to enhance the quality of education are still significant concerns, as are limited public investment.A more complete assessment of Nepal's school education system requires reading the annual Economic Survey together with the School Education Sector Plan, including its results framework and future review reports, rather than relying on either source alone.

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