

Education Sector

Budget Brief 2012¹

Key Message:

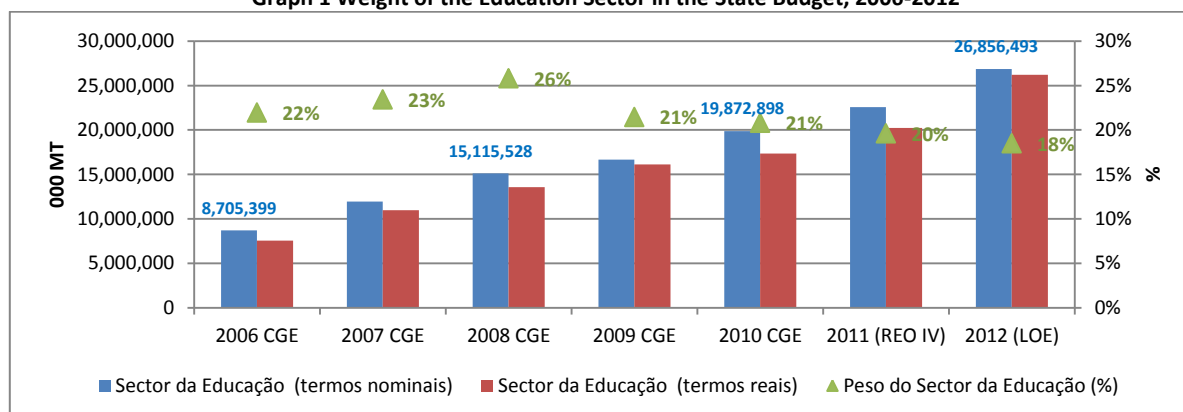
- **The weight of the Education sector is 18% of the 2012 State Budget.** In nominal terms, there has been an increase of 19% over the previous year.
- **Running costs are rising by 10% in 2012**, when compared with the 2011 Budget. This growth is due to the hiring of 8,500 new staff and the promotion of 5,000 staff.
- **In 2012, about ¼ of the budget of the Education sector comes from foreign funds** (budgeted at 6,939 billion MT, of which about 60% is financed by the sector Common Fund (FASE). It is estimated that 87% of the foreign resources benefit General Education.
- **Fiscal decentralisation is visible.** The expenditure of the District Education, Youth and Technology Services (SDEJT) increased from 9% in 2010 to 31% in 2012. In parallel, the expenditure of the Provincial Directorates of Education and Culture fell from 51% to 31% in the same period.

1. Trends of the 2012 Budget

For 2012, a total of **26,856,493 million MT** (about US\$ 995 million¹) was allocated to the Education sector which is equivalent to **18% of the 2012 Budget** or **6.2% of the 2012 nominal GDP**.

Compared with the 2011 Budget, there was an increase of 19% in nominal terms. In relative terms – that is, when we divide the Budget into “slices” – the weight of the Education sector occupies an average of 22% of total resources between 2005 and 2012, and is the most privileged of the “priority sectors” (Graph 1).

Graph 1 Weight of the Education Sector in the State Budget, 2006-2012



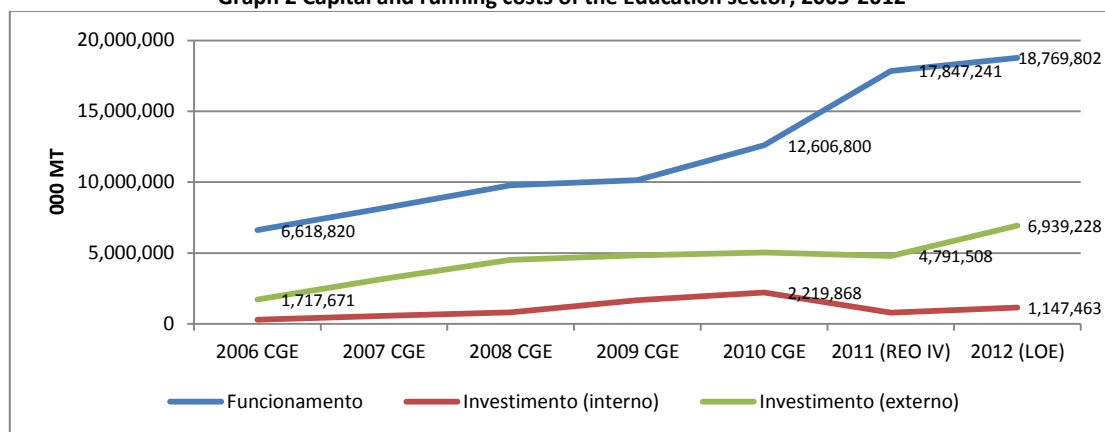
Source: Million MT, 2005-08;10 CGE; 2009 REO; LOE 2011-12

In nominal terms, the largest increase is in *Running costs*, which rose from 12,606,8 million MT (2010) to 18,769,8 million MT (2012) (Graph 2). Running costs account for 70% of total expenditure in the Education sector in 2012 and about 90% of this covers wages (78% of which are wages in General Education).

Capital expenditure continues to show a growing trend in nominal terms over the years (Graph 2). An estimated 14% of capital expenditure is financed by internal resources and 86% by foreign resources. The internal resources in capital expenditure grew by about 685% between 2006 and 2010, but fell again by 48% between 2010 and 2012. The figure fell from 2,220,8 million MT (2010) to only 626 million MT (2011) and then rose again to 1,147 million MT (2012).

¹ US\$ 1 = 27 meticals

Graph 2 Capital and running costs of the Education sector, 2005-2012

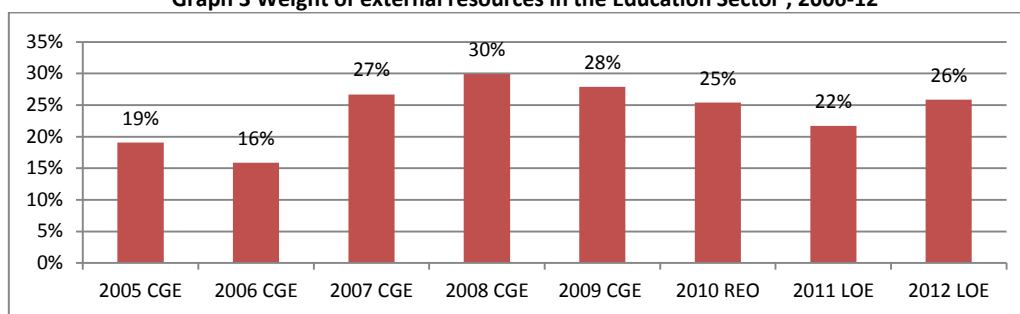


Source: 2005-09 CGE; 2010 REO; LOE 2011-12

2. External Component

On average, about ¼ of the total budget for the Education sector is financed by foreign resources (Graph 3). In 2012, these external resources are budgeted at 6,939 billion MT (US\$ 257 million²), of which it is estimated that 4,107 billion (US\$ 152 million or 60%) come from FASE. The other 40% come from bilateral projects.

Graph 3 Weight of external resources in the Education Sector , 2006-12

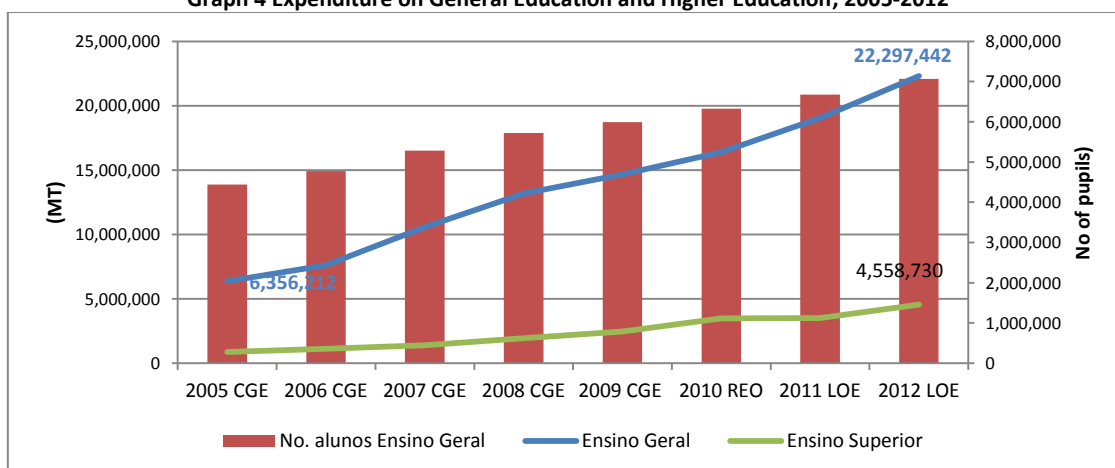


Source: 2005-09 CGE; 2010 REO; LOE 2011-12

3. General Education

Unfortunately, it is not possible to view the budget of the Education sector by levels (primary, secondary and tertiary). Expenditure can only be seen at the level of General Education and Higher Education. In 2012, about 83% of the budget of the Education sector is going to General Education and 17% to Higher Education. The increase in the budget for General Education since 2005 is proportional to the increase in the number of pupils in this level of schools (Graph 4).

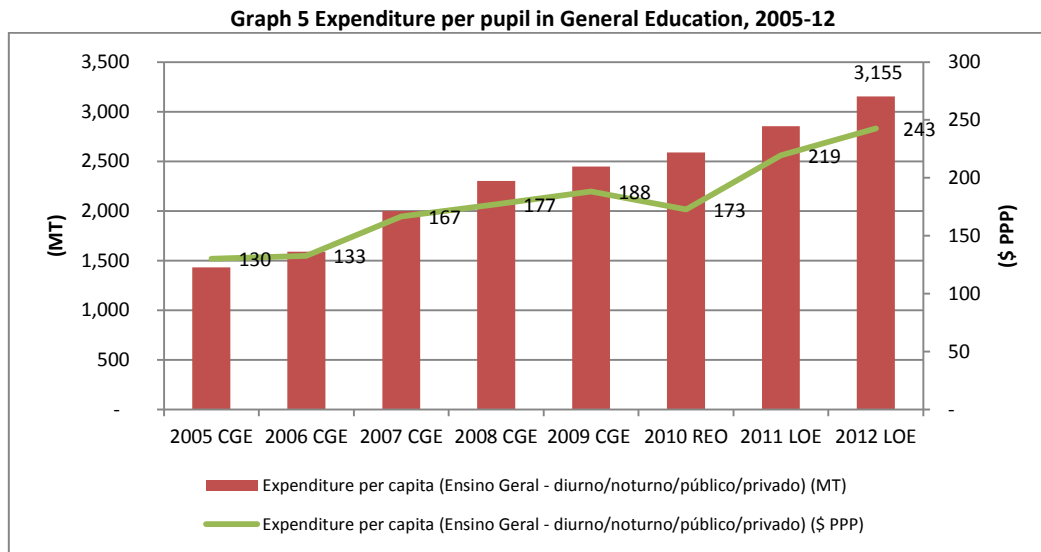
Graph 4 Expenditure on General Education and Higher Education, 2005-2012



Source: 2005-09 CGE; 2010 REO; LOE 2011-12 / Programme Document for funding request to the Catalyst Fund (2010)³

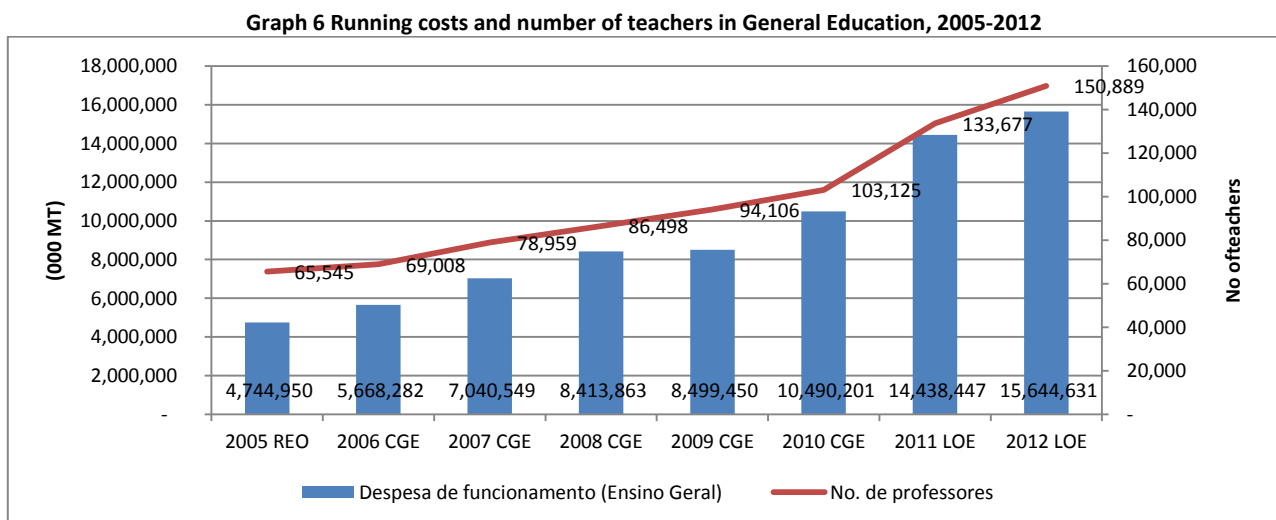
² US\$ 1 = 27 meticals

When we divide the total General Education budget by the number of pupils, we obtain the per capita expenditure in general education. Graph 5 shows that the per capita budget increased from US\$130 (PPP)⁴ in 2005 to US\$243 (PPP) in 2012, which is an increase of 86%. During the same period, the number of pupils in General Education rose by 60%.



Source: 2005-09 CGE; 2010 REO; LOE 2011-12/ *Programme Document for funding request to the Catalyst Fund (2010)*/ \$ PPP (World Bank)

The *Running Costs* in General Education underwent a nominal increase of 230% between 2005 and 2012 and the number of teachers grew by about 130% over the same period (Graph 6).



Source: 2005-09 CGE; 2010 REO; LOE 2011-12/ *Programme Document for funding request to the Catalyst Fund (2010)*⁵/ \$ PPP (World Bank)

About 87% of the external component of the sector (or 6 billion MT) goes to General Education. On the other hand, since 2010, one notes a declining trend in the internal component of investment.

4. Decentralisation

Decentralisation is visible in the Education sector, through the decentralisation of staff wages from the Provincial Directorates of Education and Culture (DPECs) to the District Education, Youth and Technology Services (SDEJTs).

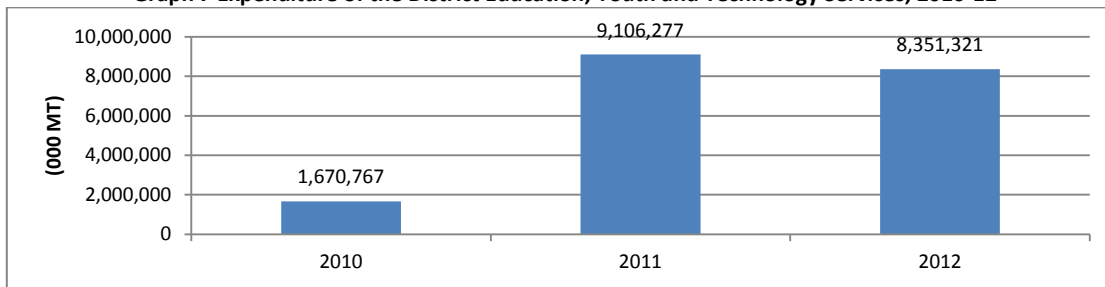
³ The number of pupils for 2011 and 2012 was calculated on the basis of historical trends.

⁴ *Purchasing Power Parity* – (PPP -World Bank).For 2011and 2012, the PPP conversion factor is that of 2009. This figure is relatively higher than that obtained with a simple conversion of the exchange rate, since for this it takes into account non-negotiable goods and services and the impact of inflation.

⁵ The number of teachers for 2012 was calculated based on historical trends.

This process was very drastic between 2010 and 2011, when the weight of expenditure at district level rose from 9% to 41% of the total budget of the sector (Graph 7). At the same time, the expenditure of the DPEC fell from about 51% (2010) to only 26% (2011). It is thought that the reduction in district expenditure in 2012 is a correction of the previous drastic process or perhaps a better correspondence to the absorption capacity of the districts in administering these funds.

Graph 7 Expenditure of the District Education, Youth and Technology Services, 2010-12

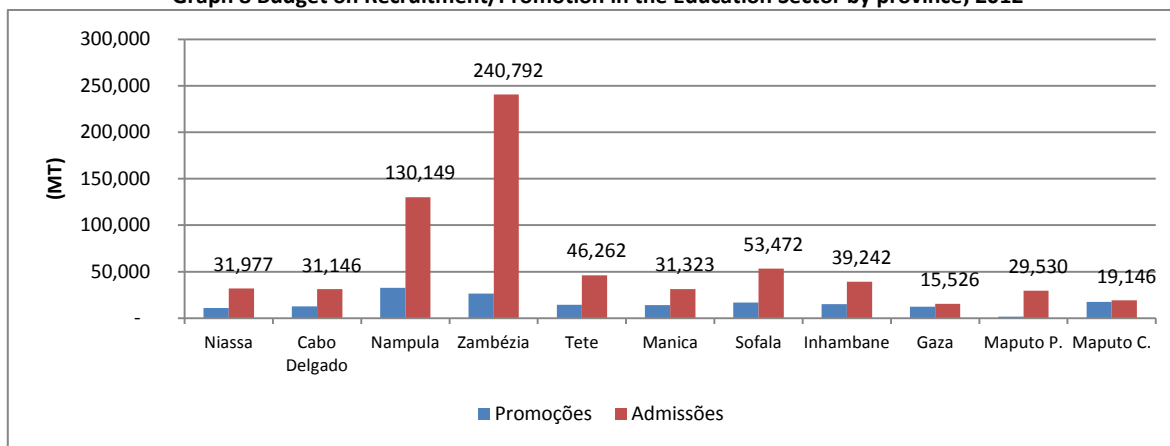


Source: LOE 2010-12

5. Equity

The Education sector has made progress in mitigating territorial inequalities. In 2012, more than half the budget for new recruitment/promotions is going to the poorest and most populous provinces (Graph 8).

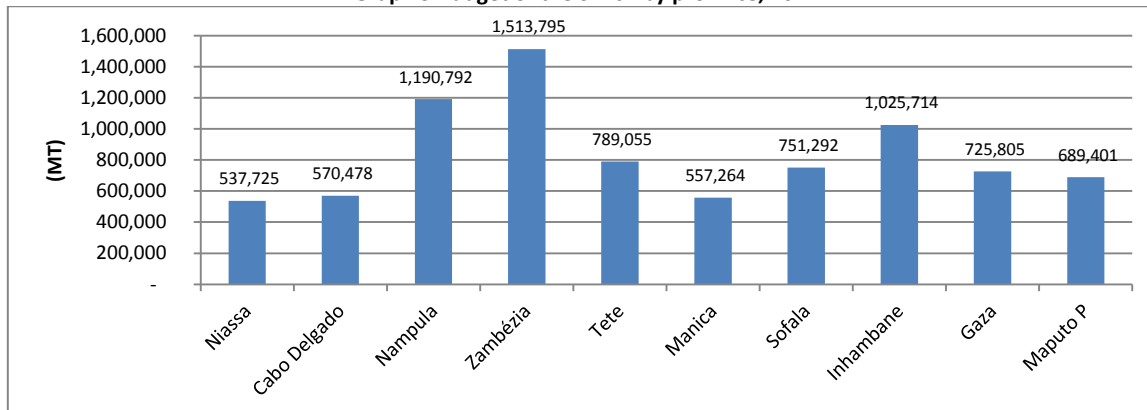
Graph 8 Budget on Recruitment/Promotion in the Education Sector by province, 2012



Source: LOE 2011-12

In the same way, 1/3 of the budget of the SDEJTs also goes to the poorest and most populous provinces (Graph 9).

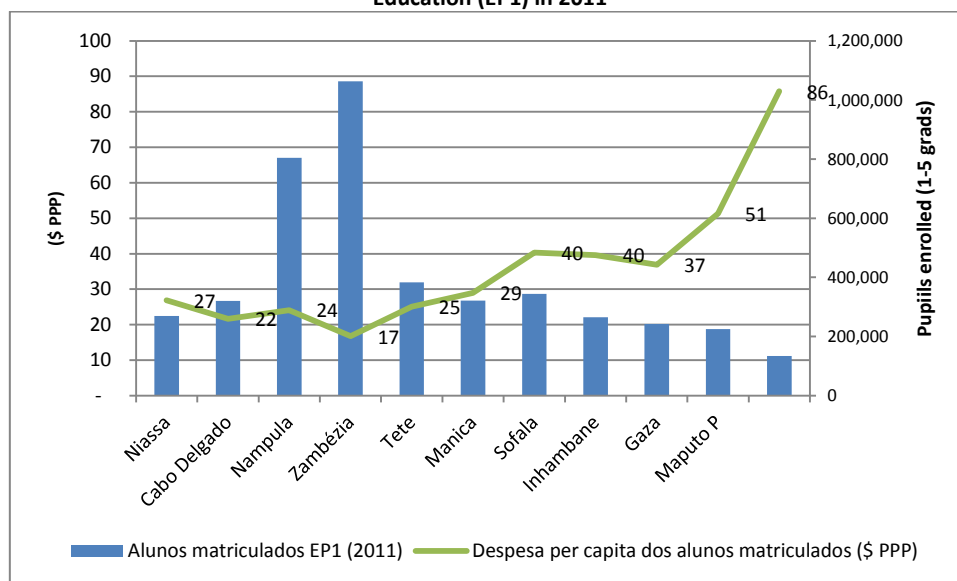
Graph 9 Budget of the SDEJT by province, 2012



Despite these efforts, the per capita expenditure – that is, when we divide the provincial budget of the Education Sector (running costs and capital expenditure) and the budget for SDEJT by the number of pupils enrolled in the first

level of Primary Education (EP1)⁶ – shows that the mitigation of inequalities still has a long way to go. Per capita expenditure in Zambézia and Nampula (expressed in international dollars based on purchasing power parity) is low, although these provinces have the largest number of pupils in EP1.

Graph 10 Education expenditure per capita and by province (2012) and number of pupils enrolled in First Level Primary Education (EP1) in 2011



Source: LOE 2012 and 2011 Statistical Survey (MINED)

⁶ Data from the 2011 Statistical Survey (MINED). Note that the total number of pupils in all levels was not given, but the expenditure of the Education sector in the provinces in 2012 is general.