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2015 Education Budget Brief

KEY MESSAGES

- ▶ The 2015 Education Sector budget is worth MT 42.2 bn (US\$ 1.2 bn) and represents an 18.6 percent share of the total State Budget. This is MT 4.6 bn more than 2014's revised initial allocation of MT 37.5 bn¹, signifying a 12 percent nominal increase.
- ▶ The Government has shown an increasing commitment to self-financing education in the country as internal resources for the Sector have grown from a 70 percent share in 2008 to an 86 percent budgeted share in 2015.
- ▶ The Education Sector is highly decentralized. Out of each MT 100 allocated to the Sector in 2015, MT 47 goes to the district level, MT 30 goes to the provincial level, and MT 23 goes to the central level.
- ▶ Most of the 2015 education budget was allocated to primary education, keeping in line with policy priorities.
- ▶ Although Mozambique spends a larger share of its State Budget and GDP on education compared to its African peers, it has relatively low per student expenditure levels, and consequently underperforms Sub-Saharan Africa averages for primary and secondary completion.
- ▶ Mozambique has worse education performance than many African countries, and large disparities amongst the provinces. This is likely explained by the fact that per capita expenditure on Education is very low, especially in the provinces with the greatest need.

Introduction

The 2015 budget cycle in Mozambique has been atypical.

Whereas the annual State Budget and Economic and Social Plan (PES) –the annual sector spending strategy– are normally approved in Parliament by the 15th of December of the preceding year, the 2015 PES and Budget were not approved until the 23rd and 28th of April 2015, respectively. The four-month delay was due to the new government's tardy approval of its

new Five Year Program (PQG), which is to guide public spending in the years to come. During the first four months of 2015, the 2014 State Budget was reinstated to pay salaries and operating costs, however no new investment projects were begun.

The 2015 State Budget is worth MT 226.5 billion (bn), equivalent to US\$ 6.5 bn². This budget is six percent lower than last year's revised initial budget, in nominal terms³. However, it is 24 percent higher than the actual executed budget of 2013.

Disclaimer: UNICEF does not have access to e-SISTAFE (Mozambique's integrated financial management information system); therefore, all analysis was carried out with publicly available information. Where limitations were encountered, notes are made in the text. Moreover, the 2014 Education Budget Brief was prepared with the aid of MINED's "2014 Programa de Actividades" (PdA). However, due to the atypical budget year, the 2015 PdA was released with information at just the Central and District levels; this has created additional limitations on the depth and breadth of analysis. Additionally, there are some minor discrepancies between the totals presented in the 2014 Education Budget Brief and those presented in the 2015 edition. As new data sources became available, UNICEF revised its calculations; in this respect, it publishes the values in this edition believing these to be most correct.

1) In 2014, the State Budget was revised towards the end of the year, with the total Budget amount being changed.

2) An exchange rate of MT 35 = US \$1 is used for all year 2015 calculations in this report. It is important to note that the MT has depreciated much against the USD in 2015, which will have an impact both on the commitments made by the donors, which are in USD and will thus be more in MT than what was planned for, and on international procurements (e.g., textbooks), which will cost more in MT than what was planned.

3) All calculations are in nominal values, except when noted.



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18.6%

Is the Education Sector's Share of the State Budget

Although the volume of the 2015 State Budget is set to decrease relative to last year, the budgeted share of internal to external financing has increased significantly from 65% internal/ 35% external in the 2014 revised budget to 75%/25% in the 2015 initial Budget⁴. The growth in internal resources is partly the result of capital gains revenues from the country's extractive sector. Despite the resource gains, the Government has again planned a budget deficit for 2015, representing an estimated 11 percent of GDP. This is smaller than last year's deficit of 18 percent of GDP⁵.

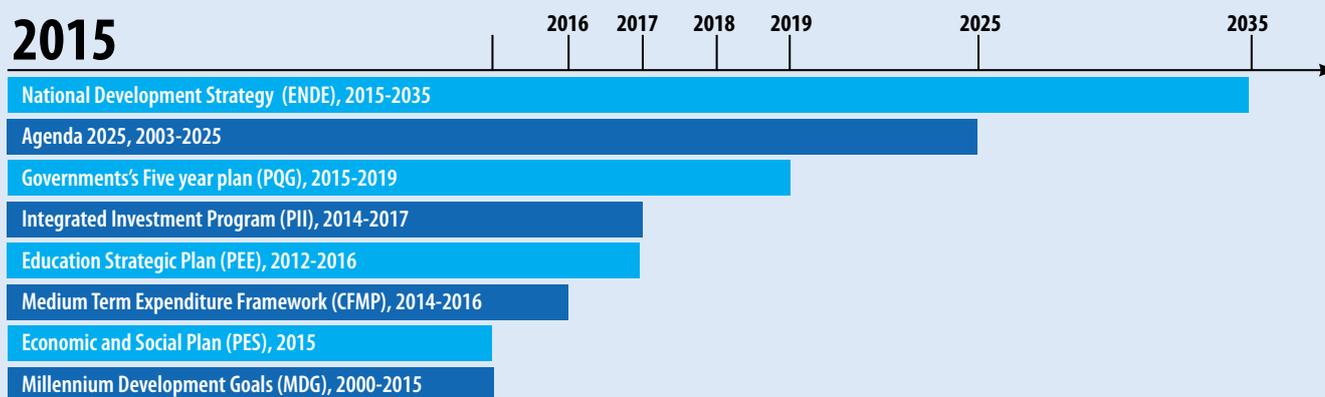
1. How is the Education Sector defined?

Before exploring the details of the Mozambican Education Sector budget, it is first important to define the Sector's structure. The Education Sector is organized into two categories: General Education and Higher Education. General Education is composed of institutions governing primary, secondary, technical, vocational, and adult education as well as Sector administration. Higher Education, on the other hand, is composed of universities and institutes of higher learning.

The Sector's institutions operate at three distinct territorial levels: Central, Provincial, and District. At the Central Level, there are eight institutions, of which the Ministry of Education and Human Development (MEDH)⁶ is the largest in terms of budget size. At the Provincial level, there are 27 institutions, of which the 11 Provincial Directorates of Education and Culture (DPEC) receive the largest share of the budget. And at the District level, there are 131 District Services for Education, Youth, and Technology (SDEJT).

Education is one of seven priority sectors, whose planning and budgeting is guided by a framework of national strategies, most importantly, the Education Strategic Plan (PEE) 2012-2016⁷. The seven priority sectors form the backbone of the Government's agenda for poverty alleviation, which is governed by a series of strategic plans, of which eight are relevant for the Education Sector (*see Figure 1*). These documents coordinate country efforts for better education quality across all levels in order to develop the human capital necessary to meet the growing demands of the national economy, ultimately improving livelihoods and defeating poverty. Specifically, the PEE lays out three objectives: (1) ensure inclusion and equity in the access and retention at school for the most vulnerable; (2) improve student learning by promoting better school management; and (3) guarantee good governance in the management of Education Sector programs and resources⁸.

FIGURE 1 Framework of strategic plans guiding the Education Sector



Source: Author's compilation.

4) The growth in the share of internal resources is due to a concurrent nominal growth in internal resources from MT 153.1 bn in 2014 to MT 169.9 bn in 2015 and a decrease in external resources from MT 87.8 bn to MT 56.5 bn. Within the external resources category, there was a drop in both aid (*donativos*) and credits. [LOE 2014, *Documento da Fundamentação*. Quadro 3, Page 11. And LOE 2015, Page 3.]

5) Deficits in the State Budget are presented as the sum of internal/external credits (*créditos*) and external aid (*donativos*). Considering just external credits, the deficit is 11 percent of GDP in 2014 and six percent in 2015. [Author's calculation from LOE 2014, Page 1. And LOE 2015, Page 1.]

6) Under the new administration, which entered office in January 2015, the name changed from the "Ministry of Education" (and Ministry of Education and Culture in earlier years) to the "Ministry of Education and Human Development".

7) The PEE implementation period was recently extended from 2016 to 2019.

8) MEDH. *Education Strategic Plan (PEE) 2012-2016*. Chapter 4, Pgs. 35-39.

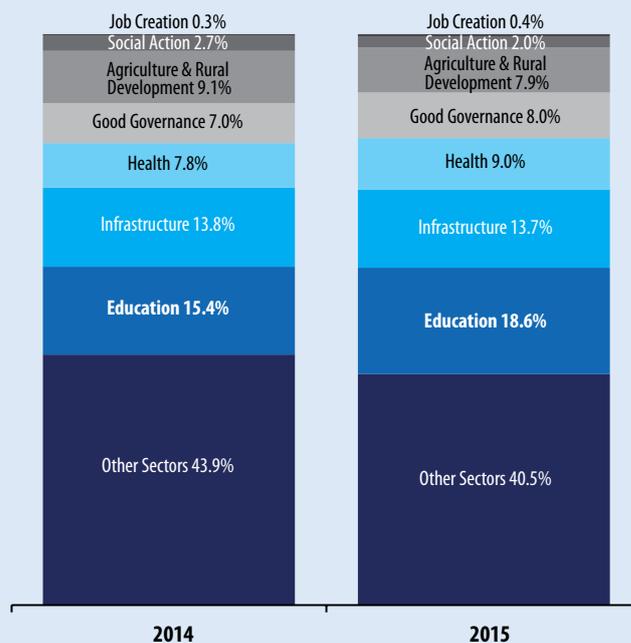
2. What trends emerge from the Education budget?

In 2015, the Education Sector was allocated MT 42.2 bn (US\$ 1.2 bn). This represents a 12 percent increase from the Sector's 2014 revised initial allocation, and a 15 percent increase from 2014 expenditure (see *Glossary* for definition of budget terms).

The Education Sector's share of the State Budget grew from 15.4 percent in the 2014 revised budget to 18.6 percent in the 2015 initial budget⁹ (see *Figure 2*). Considering the fact that the share of priority sector expenditure to non-priority sector expenditure has maintained a ratio of 60%/40% since at least 2008, the substantial 3.2 percent increase in education's share reaffirms its priority amongst other priorities¹⁰.

Expenditure in the Education Sector has closely followed budgeting. Unlike the Health, Infrastructure, and Agriculture priority sectors, which have on occasion exhibited vast differences between what is budgeted and what is in reality spent, Education Sector expenditure has on average varied just four percent from what it was budgeted over the past seven years (see *Figure 3*). This is an important trend as it suggests implementation is closely following planning.

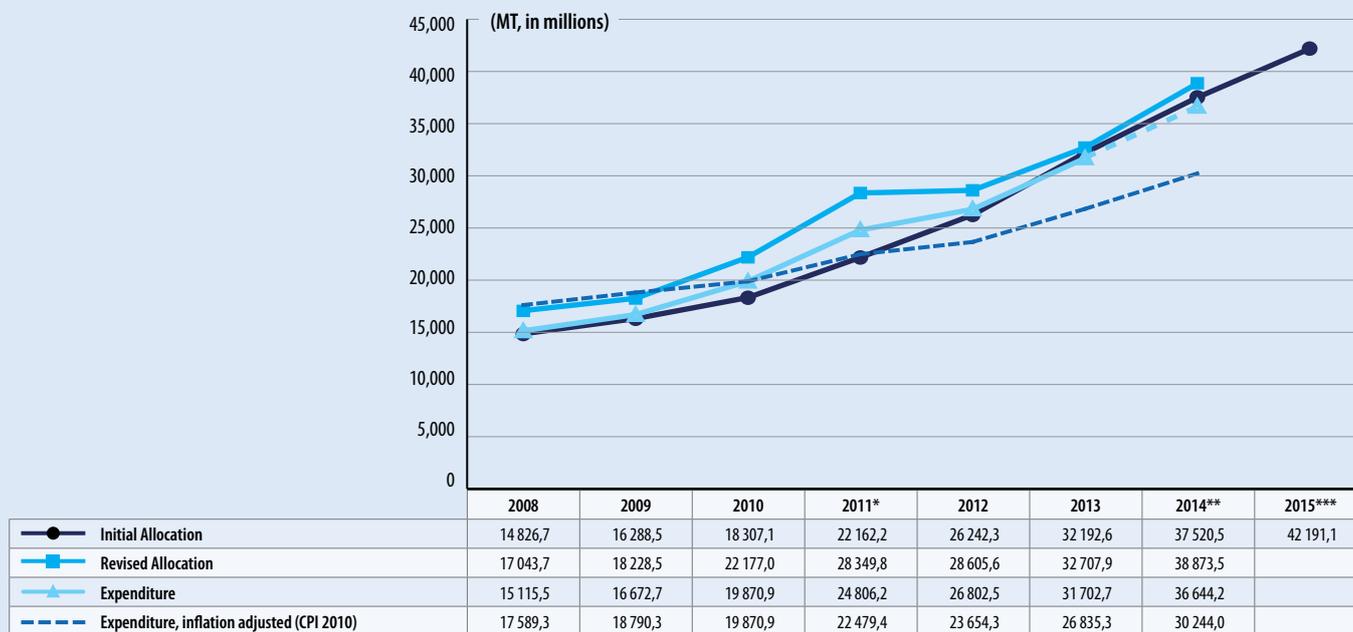
FIGURE 2 Weight of the Education Sector and other priority sectors



Source: The 2014 shares are based on the LOE 2014 Revisto and the 2015 shares are based on the LOE 2015 and come from *Sectores Estruturantes* excel file provided by the Government. The Education and Health totals are the author's calculations from these sources.

Note: The "Other Sectors" portion represents non-priority sectors: General Public Services, Defense, Security and Public Order, Economy, Environmental Protection, Housing and Collective Development; and Recreation, Culture, and Religion.

FIGURE 3 Education Sector budgeting and expenditure



Source: Author's calculations based on the CGE 2008-2013, REO IV 2014, LOE 2015.

Note: In 2011, 2013, and 2014, the initial allocations were revised later in the fiscal year; the numbers in the figure for those years represent the revised initial allocations. *For 2011, the CGE lists total Education Sector spending to be MT 14,739 bn, however revised sector totals for 2011 include SDEJT district spending increasing the total to MT 24,806 mn. This revised expenditure total will be used to represent 2011 education spending for the rest of the report. **The 2014 public expenditures account has yet to be finalized. *** While years 2008-2014 display expenditure figures, 2015 is the initial budget allocation. According to LOE 2015 *Documento da Fundamentação*, Quadro 7, Pg. 28, the initial education allocation is MT 44,745.1 mn, however when adding up the institutions from the individual Mapas in the LOE 2015, the actual total is MT 42,191.1 mn.

9) The Government reports slightly different shares for the Education Sector by using the value of the total State Budget less debt-service payments as a denominator. The author has calculated the shares using the value of the total State Budget including debt-service payments on the intuition that the Government's decision to take on debt is a political decision and the resources used for interest payments could be otherwise applied elsewhere.

10) Author's calculations based on CGE 2008-2013 and Priority Sector excel file provided by Government. Calculation considered "total priority sector spending" as numerator and "total spending (including debt servicing)" as denominator.

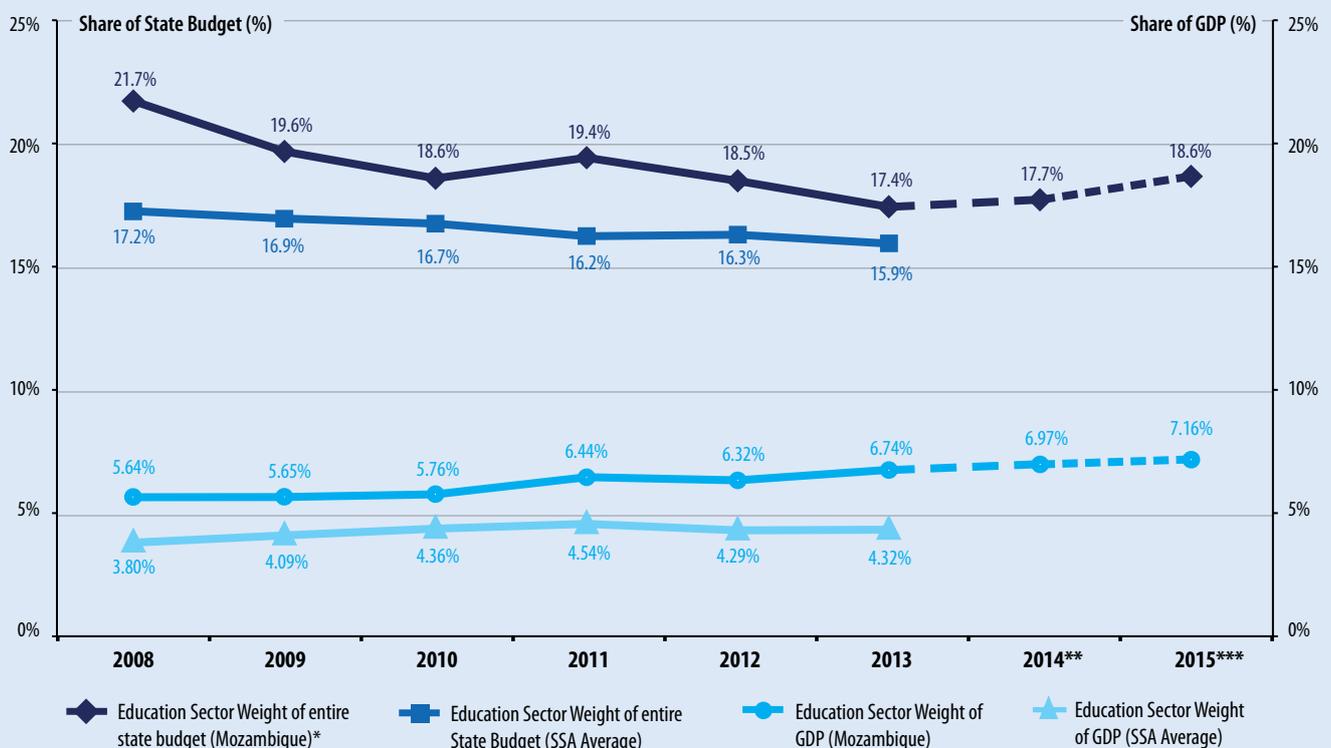


86% Of the Education Sector Budget is Financed with Internal Resources

Despite the recent growth in education's share, the Sector has yet to regain the proportions achieved pre-2008¹¹. Between 2008 and 2014, education expenditure has grown in both nominal and real terms, however its proportion of the State Budget has decreased. From 2005 to 2008, the weight of the Education Sector registered more than 20 percent of the State Budget¹²; but since 2009, the Sector's share has averaged 18 percent, where it has kept relatively stable (see Figure 4).

Nonetheless, Mozambique expends a larger share of its State Budget and GDP on education than its African peers. While Sub-Saharan Africa (SSA, all income levels) has on average spent 16.5 percent of its State Budget and 4.2 percent of its GDP on education, Mozambique has spent on average 19.2 and 6.1 percent, respectively. This trend clearly demonstrates the Government's financial commitment to improving education in its strategy to defeat poverty.

FIGURE 4 Trends in the weight of the Education Sector



Source: Education Sector weights (Mozambique): Author's calculations using World Bank (WB), World Development Indicators (WDI), GDP (Current LCU). Education Sector weights (SSA): WB WDI, Government expenditure on education, total (% of GDP) & Government expenditure on education, total (% of government expenditure).

Note: SSA considers the average for all Sub-Saharan African Nations with available data. * These weights are different than those presented by the Government since it calculates weights out of the total public expenditure, excluding financial operations and debt servicing; the calculations presented include financial operations and debt servicing. ** The 2014 public expenditures account has yet to be finalized. *** The 2015 shares are initial budget allocations while the 2008-2014 shares are expenditure.

11) It is important to point out that the institutional composition of the Education Sector has changed multiple times over the past decade. Therefore, nominal growth in expenditure is not strictly due to increases in allocation; it is also partly due to the addition of one or more institutions to the Sector composition.

12) CGE 2005-2008; WB WDI, government expenditure on education, total (% of government expenditure).

92%

Is the Average Execution Rate of the Education Sector Between 2008 and 2014



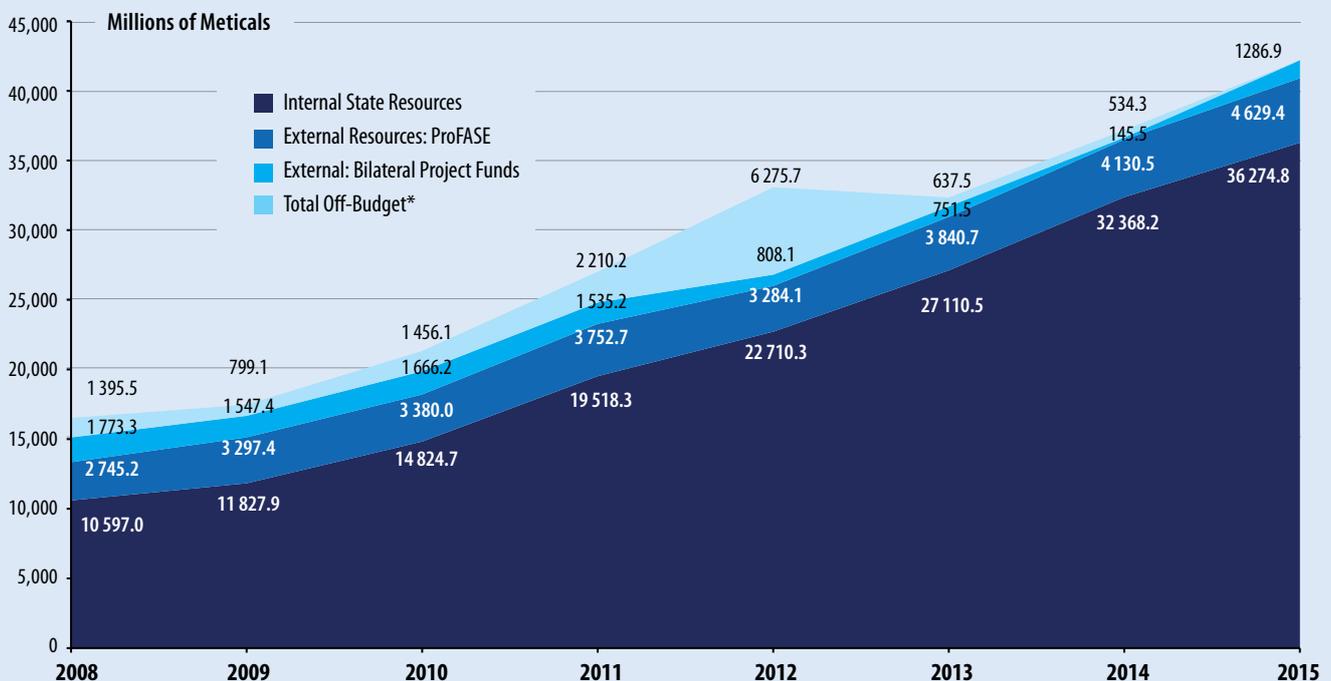
Photo: ©UNICEF/Mozambique

3. Where do the Education Sector resources come from?

The Education Sector is financed by both Internal and External Resources. Internal Resources are those that have been mobilized domestically through taxes, tariffs, duties, and credit. In Mozambique, Internal Resources are supplemented by General Budget Support¹³. External Resources consist of external grants and credit. Specific to the Education Sector, External Resources are sub-categorized into FASE and Bilateral Project Funds. FASE is the multi-donor Common Fund (FC) for education, and Bilateral Projects are development partner projects inscribed on the State Budget.

The Government has shown an increasing commitment to fund the Education Sector. The share of internal resources has grown from 70 percent in 2008 to 86 percent in 2013 (see Figure 5). The education budget anticipates the same 86 percent share in 2015. In nominal terms, internal resources have grown more than three times from MT 10.6 bn (US\$ 415 mn) in 2008 to a budgeted MT 36.3 bn (US\$ 1.04 bn) in 2015. This trend mimics the overall growth in the share of Internal Resources for the entire State Budget (see Introduction).

FIGURE 5 Education Sector resources: internal & external, on- & off-budget



Source: Internal and external state resources: Author's calculations from CGEs 2009-2013, REO IV 2014, and LOE 2015. ProFASE: CGE 2009 (Quadro 6, pg. 48); CGE 2010 (Quadro 8, pg.38); CGE 2011 (Quadro 13, pg. 45); CGE 2012 (Quadro 13, pg. 44); CGE 2013 (Quadro 16, pg. 57); REO IV 2014 (Tabela 8, pg. 18); REO I 2015 (Tabela 16, pg. 25). Total Off-Budget: ODAMOZ, data downloaded on March 20, 2015.

Note: * Total Off-Budget values must be interpreted with caution as ODAMOZ is a self-reporting system, thus there is potential for misrepresentation. For example, there is the tendency for reporting disbursements instead of expenditure; also, there are often lags between financing and execution, which result in one year's financing ending up as another year's expenditure. **For years 2013 and 2014, off-budget education expenditure is low likely due to the fact that donors have yet to report their expenditures to ODAMOZ. *** Year 2015 represents the initial budget, while 2008-2014 represent expenditure.

13) General Budget Support (GBS) is un-earmarked development aid given to the Mozambican Government from a group of 19 foreign donors (G-19).



Photo: © UNICEF/Mozambique

FASE remains an important mechanism for financing in the Education Sector. FASE donor commitments for 2015 are worth MT 4.6 bn (US \$ 132.3 mn). Although FASE's weight of total education resources has slowly declined from a 20 percent share in 2009 to a budgeted 11 percent share in 2015¹⁴, its value in nominal terms has grown in each of the past seven years, except for 2012. Considering the recent phase-out of some Common Funds (e.g. *FC-ProAgri*, *FC-HIV/AIDS*, *FC-ProNasa*, *FC-Estradas*) and the diminishing nominal value of others (e.g. *ProSaúde*, *FC-Apoio ao TA*), the 10 bilateral

and multilateral donors supplying FASE, of which UNICEF is a member, remain a relatively important source of resources for the Sector.

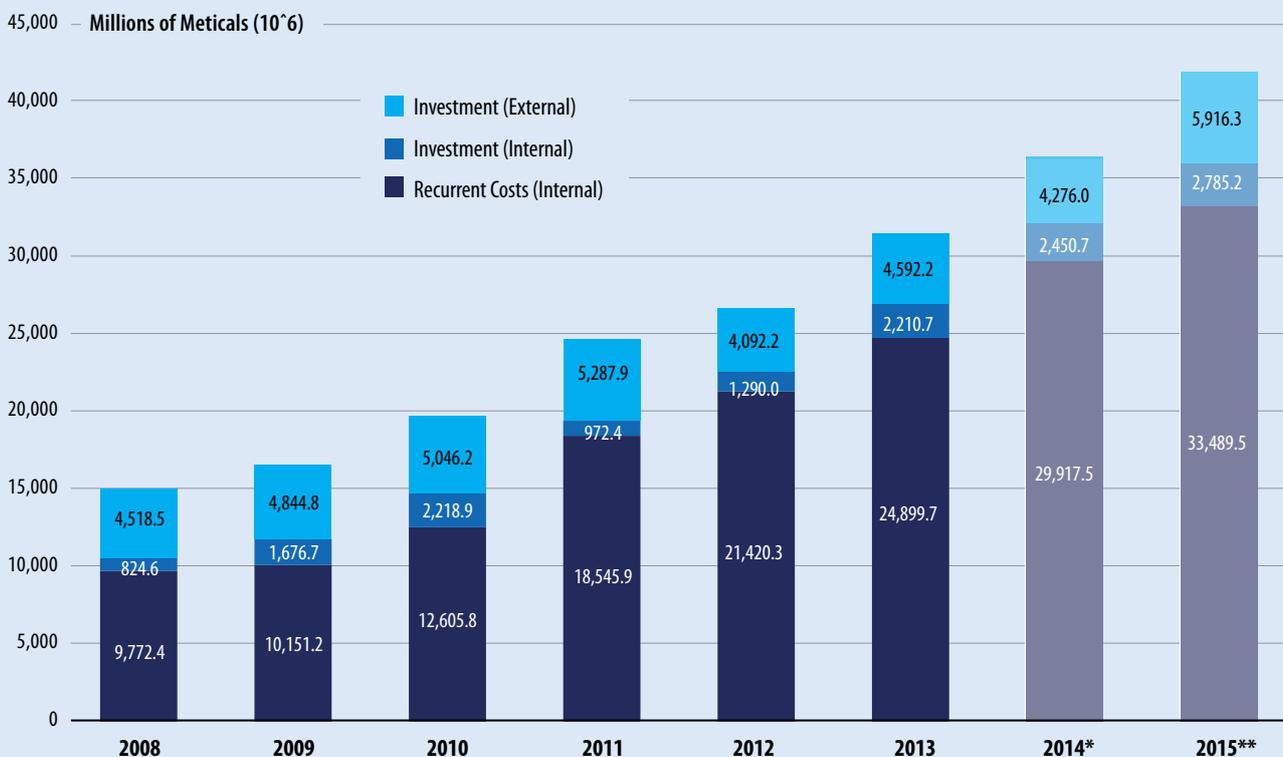
Off-budget resources accounted for 19 percent of total education financing in 2012, and otherwise have averaged seven percent over the past seven years¹⁵. The Mozambican Government is working to ensure development partners incorporate their off-budget resources into country systems in accordance with the 2005 *Paris Declaration for Aid Effectiveness*. In doing so, the Education Sector will be able to more effectively plan and apply limited resources in a way that avoids the duplication, overlap, and gaps often characteristic of external interventions.

4. How are Education Sector resources spent?

4.1 RECURRENT EXPENDITURE COMPARED TO INVESTMENT

Once education resources have been allocated, the Sector's institutions are responsible for their execution. Depending upon the type of expenditure, they are documented as either Recurrent or Investment. Recurrent Expenditures are those required to keep an institution "up and running," and include salaries/remunerations, goods and services, operating costs,

FIGURE 6 Recurrent and Investment Expenditure



Source: Author's calculations from the CGEs 2008-2013, REO IV 2014, and LOE 2015.

Note: * The 2014 public expenditures account has yet to be finalized. ** 2015 represents initial budget allocations and not expenditure.

14) According to REO I 2015 (Tabela 16, Page 25). KfW education brief calculated an eight percent share.

15) It is important to point out that the lower levels of off-budget expenditure in 2013 and 2014 are more likely a reflection of donors not having yet registered their expenditure on ODAMOZ than an actual decrease in off-budget expenditure.

transfers, and financial operations. Investment, on the other hand, concerns the funds spent to realize productivity and efficiency gains in the Sector (i.e. construction of schools, libraries, additional classrooms, etc.). Recurrent Expenditure is financed by internal resources, while Investment may be financed by either internal or external resources.

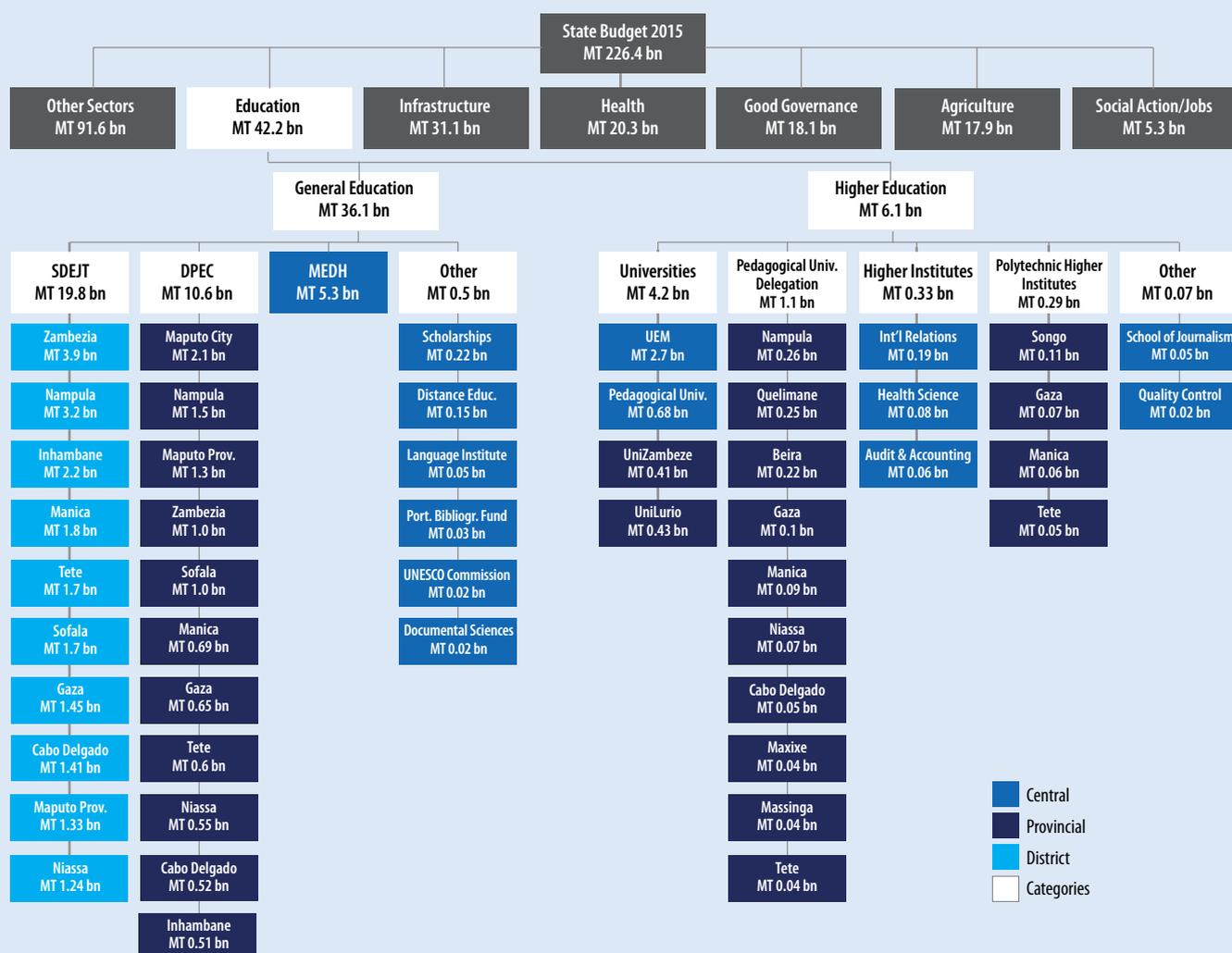
Strong growth in Recurrent Expenditure, led by spending on personnel to improve the student-teacher ratio, has crowded out investment. Recurrent Expenditure's share of total education spending increased from 61 percent in 2009 to a budgeted 80 percent in 2015. Correspondingly, the share of Investment decreased from 39 percent to just 20 percent (see Figure 6). This clearly demonstrates the recent shift to use internal resources for current costs. In order to recruit 8,500 new teachers each year¹⁶, and retain those already in the profession, the Education Sector's public wage bill has increased faster than in other sectors¹⁷. Nonetheless, this has had a negligible impact on decreasing the student-to-teacher ratio (from 62.9:1 in 2011 to 62.5:1 in 2014¹⁸).

Low education investment levels could have an impact on medium- to long-term sector performance. Slow investment growth in the Sector is mainly due to the declining share of External Investment. Low relative spending on Investment over time could mean the construction/renovation of education infrastructure fails to keep up with the growth in student enrollment and retention rates. To rectify the situation, as fiscal space grows, Internal Investment must increase to compensate for the external component's lost share, and guarantee resources for education infrastructure in the provinces that are currently underserved.

4.2 EXPENDITURE BY EDUCATION INSTITUTION

Districts (SDEJT) were allocated the largest portion of the Education Sector budget in 2015, followed by provinces (DPEC) and central level (MEDH) (see Figure 7). The three largest allocations demonstrate the full extent of decentralization in the Sector. SDEJT, which is responsible for

FIGURE 7 Organigram of education institution expenditure



Source: Author's compilation from the LOE 2015.

Note: For definition of the acronyms, refer to Acronym Guide on last page.

16) MEDH. 2015 Programa de Actividades, Nível Central e FASE, Section 2.3.2, Pg. 4.

17) World Bank. Mozambique Public Expenditure Review, 2014. Section 2a, Pg. 26.

18) MEDH. Desempenho do Sector da Educação, Relatório 2013 & 2014. Page 11 (2013) and Page 6 (2014).

guiding the Sector at the district level, was allocated MT 19.8 bn (US\$ 565.7 mn)¹⁹, representing 47 percent of the education budget; DPEC, which guides the Sector at the provincial level, was allocated MT 10.6 bn (US\$ 302.9 mn), representing 25 percent; and MEDH, responsible for overseeing the entire Education Sector from the central level, was allocated MT 5.3 bn (US\$ 151.4 mn), representing 12 percent of the budget.

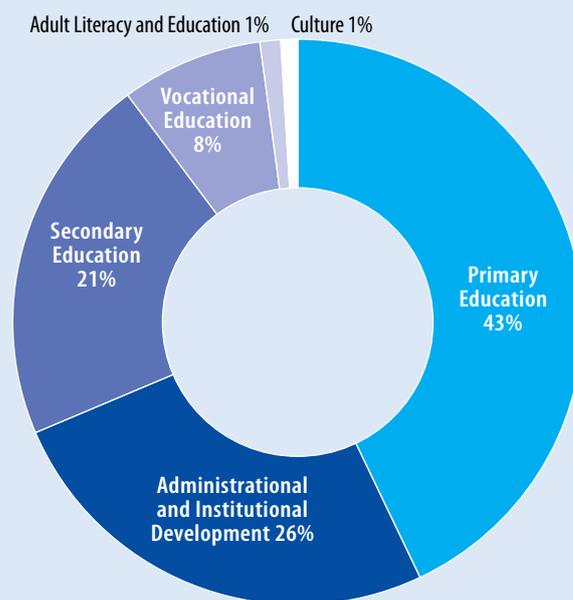
4.3 EXPENDITURE BY PROGRAM AREA

Primary education receives the largest share of the Sector budget, which is in line with policy priorities (see Figure 8). Primary education was allocated MT 14.8 bn (US\$ 423.5 mn), equivalent to a 43 percent share of the 2015 budget. Historically, primary education has received the largest share of the budget, helping to improve key performance indicators such as primary school net enrollment and completion rate.

5. How well has the Education Sector executed its past budgets?

The Education Sector has consistently outperformed the overall State Budget execution rate (see Figure 9). Between 2008 and 2014, the Sector has on average executed 92 percent of its budget compared to the overall State Budget execution rate of 86 percent. In fact, in 2013, the most recent year for which state accounts have been finalized, the execution rate was nearly 97%²⁰.

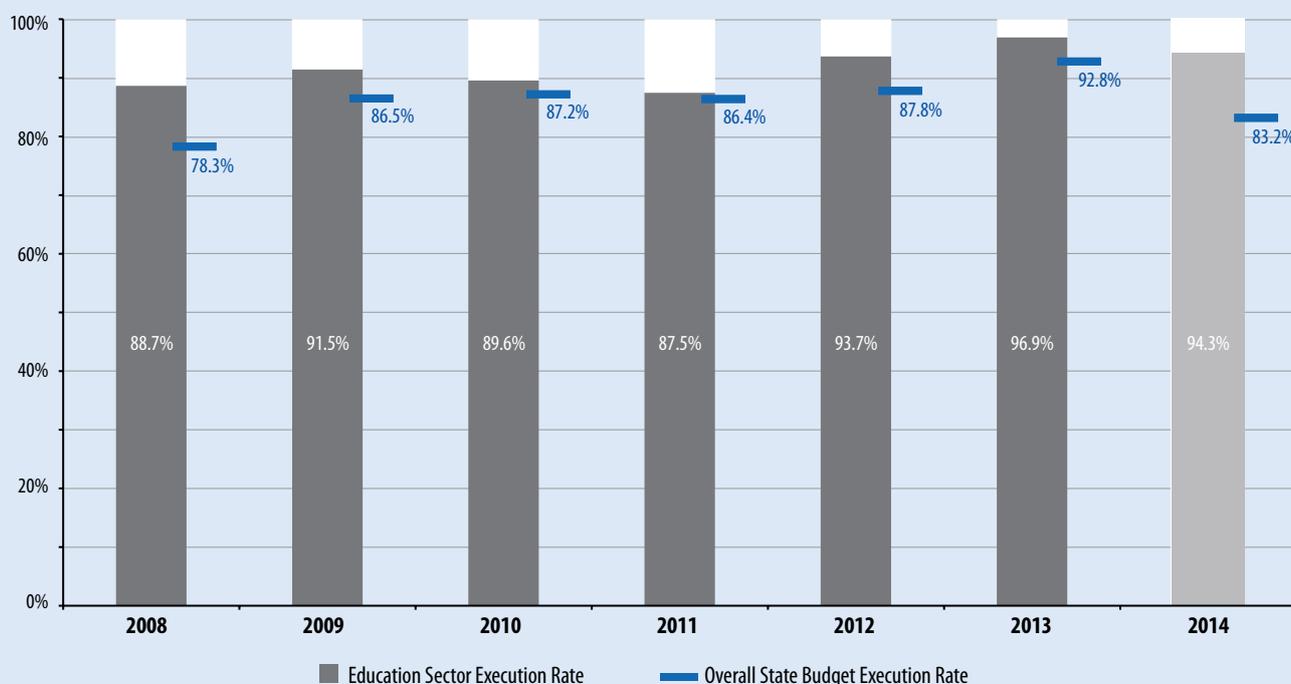
FIGURE 8 Education Sector budgeting by program area



Source: MISAU, Programa de Atividades (PdA) 2015, Nivel Central / FASE (Versão Final, 30/06/2015), pg.3, Quadro 4.

Note: As listed as a footnote in the source of this information, tertiary education is not included. These program weights are different than last year as MINEDH mentions they have reworked programmatic classifiers to essentially better classify central level administrative and institutional expenditures according to programs.

FIGURE 9 Budget execution in the Education Sector



Source: The Education Sector execution rates are the author's calculations from CGE 2008-2014. The State Budget execution rates come from CGE 2008 (Quadro 2, pg.21); CGE 2009 (Quadro 2, pg.28); CGE 2010 (Quadro 2, pg.22); CGE 2011 (Quadro 7, pg. 27); CGE 2012 (Quadro 6, pg. 28); CGE 2013 (Quadro 7, pg. 37); REO IV 2014 (Tabela 2, pg. 9).

Note: The total execution rates include both the execution of internal and external resources. The grey bars represent the Health Sector budget execution rate and the blue hash represents the entire state budget execution rate. *The 2014 public expenditures account has yet to be finalized.

19) It is important to note that not 100 percent of the SDEJT budget goes towards education; while the majority is for education purposes, a portion is allocated to Youth and Technology programs.

20) It is important to mention that the Sector execution rate includes both internal and external resources. Further analysis of the execution of solely internal resources would give a clearer picture of the Government's ability to execute its education budgets.

49%

The primary completion rate in Mozambique is below average of its African peers, even below those countries who spend similar amounts per student.



Photo: ©UNICEF/Mozambique

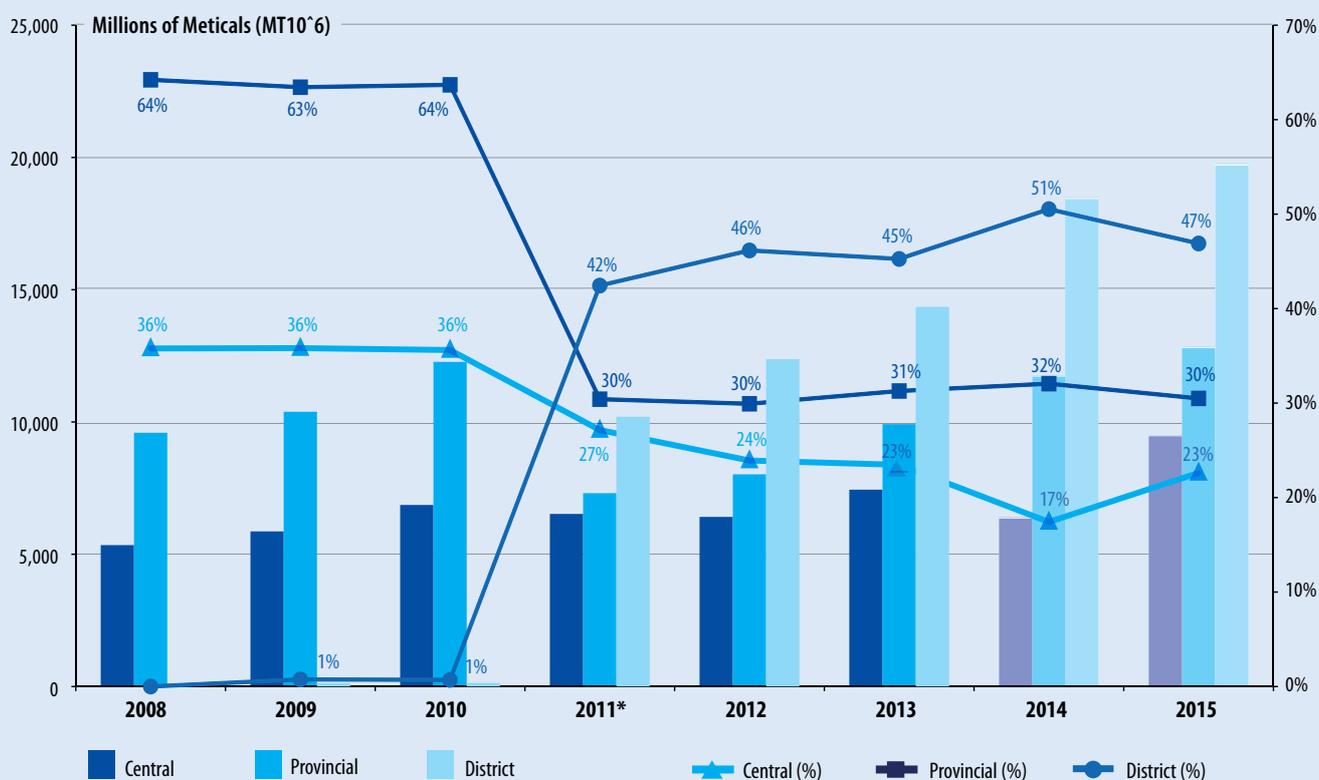
6. To what extent has the Education Sector deconcentrated?²¹

The Mozambican Education Sector is highly deconcentrated. Since 2011, it has registered the greatest level of expenditures at the district level, followed by the provincial level and central level (see Figure 10). Whereas education expenditure was before concentrated at the provincial level, the formal inclusion of SDEJT in the Sector's composition in 2012 was preceded by a significant single-year proportional decrease in provincial expenditure from 64 percent to 30 percent and increase in proportional district expenditure from one percent to 42%²².

Since 2011, growth in education expenditure has been concentrated at the district level. Over the past four years,

SDEJT has captured more than 60 percent of the Sector's growth. Central level expenditure has steadily fallen from 27 percent in 2011 to 17 percent in 2014 (although is budgeted to increase in 2015); provincial expenditure has remained steady at around a 30 percent share; and district expenditure has increased from 42 percent in 2011 to 51 percent in 2014 (yet is budgeted to decrease slightly in 2015).

FIGURE 10 Expenditure by territorial level



Source: Author's calculations from CGE 2008-2013, REO IV 2014, LOE 2015.

Note: The figure maintains the 2015 Sector composition across all years. In 2009 and 2010, the recognized expenditure for Education at the District level was "District Administration FC-FASE projects". * SDEJT was not formally included in the Education Sector's composition until 2012, despite existing pre-2012. In order to give a fairer representation of education spending in 2011, it was included in this analysis.

21) "Deconcentration" means shifting autonomous budget responsibility from a more centralized level to the provincial or district level.

22) It is important to point out that SDEJT existed at the district level pre-2012, but was only formally adopted as an education institution in 2012. For a clearer analysis of education expenditure, the author has included SDEJT expenditure in the Education Sector total for 2011. It is not exactly clear from where district level education expenditures were deconcentrated for the 2012 inclusion; however, the nominal decrease in DPEC expenditure from 58 percent to 26 percent suggests that it was partially deconcentrated from DPEC.

7. How has public expenditure on education impacted Sector performance?

7.1 PERFORMANCE TRENDS (2004 THROUGH 2013)

Consistent growth in real education expenditure between 2004 and 2008 supported strong improvement in primary and secondary enrollment and completion rates. However since 2008, primary school enrollment has plateaued and completion rates decreased (see Figure 11). Primary school enrollment and completion rates increased 18 and 30 percentage points, respectively, between 2004 and 2008; since 2008, primary enrollment has remained unchanged and completion rates have decreased 10 percentage points. This is the result of low primary school promotion rates in recent years²³. Secondary school enrollment and completion rates, on the other hand, have steadily increased between 2004 and 2013.

The fact that performance is decreasing even though more money is being invested in Education means the Sector must encourage a more effective use of resources to boost the quality of education service delivery. A recent World Bank study entitled, *Mozambique Service Delivery Indicators for Education*²⁴, concluded that poor student performance is predominantly the result of (i) absenteeism and (ii) low teacher

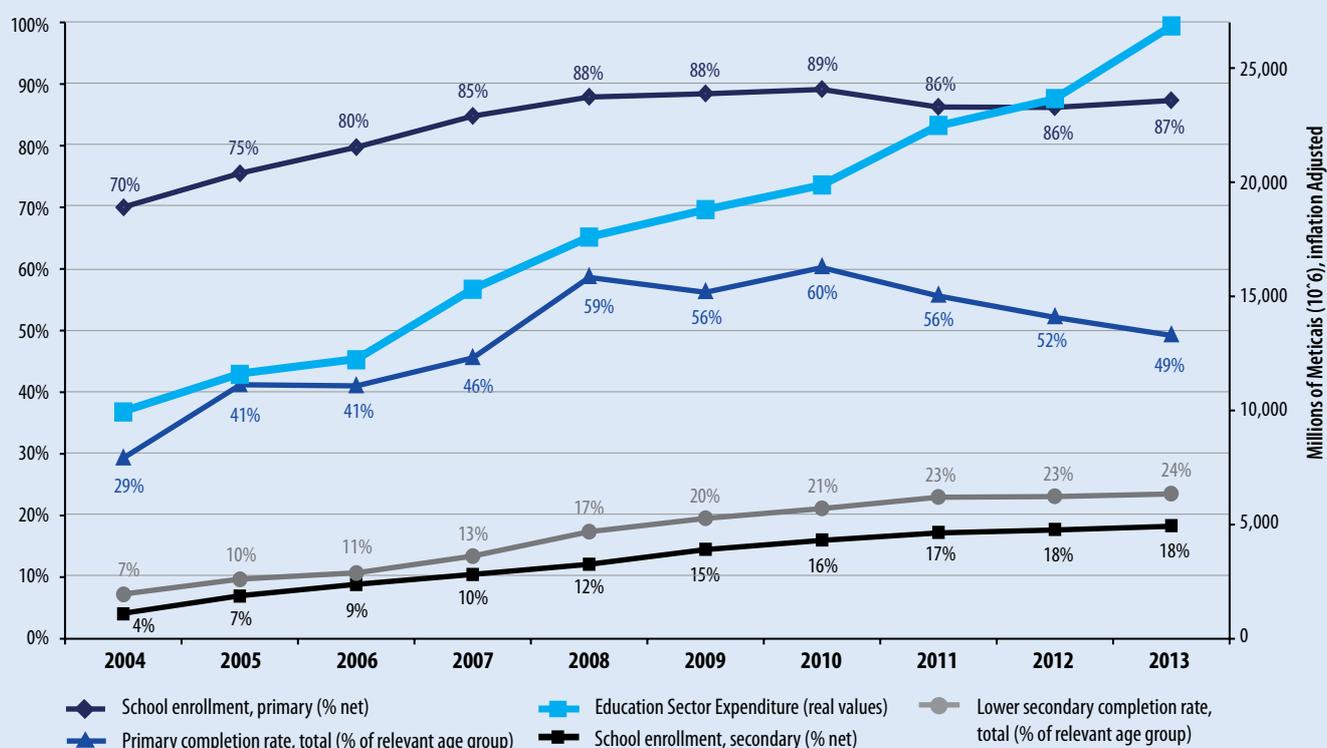
capacity. (i) During unannounced visits, on average 56 percent of the students were not present; 45 percent of school teachers were not present, with a further 11 percent at school but not in the classroom; and 44 percent of the directors were not at school. The report mentions that due to teacher absenteeism pupils only get an average of 1hr 41min of teaching per day; in other words, less than one-third of what is expected²⁵. (ii) When testing grade four teachers on grade four curriculum, the study found that just one percent of teachers scored above 80 percent, while the average scored just 29 percent.

Further, it found that only 65 percent of math teachers could do double-digit subtraction and only 39 percent could do subtraction with decimals. And when asked to correct a letter written by a grade four pupil, teachers found on average just two out of 20 mistakes. To lift education performance, a first step must be to tackle absenteeism through improved school management and strengthened teacher and director pre-service and in-service training²⁶.

7.2 PRIMARY COMPLETION RATE

Mozambique falls well short of its African peers on primary school completion, and far below its 2019 target as defined in the PQG (see Figure 12a). The country currently sits last among fellow members of the Southern Africa Development Community (SADC) and 20 percentage points

FIGURE 11 Real expenditure compared to trends in primary/secondary enrollment and completion rates



Source: Author's calculations from CGEs 2004-2013. WB, WDI 2004-2013. Consumer Price Index (2010=100).

23) World Bank. 2014 Public Expenditure Review. Chapter 5, Section 2a, pg. 74.

24) The survey was carried out between March and June of 2014, and collected information from 200 primary, 1006 teachers, and 1731 grade four pupils.

25) World Bank. Mozambique Service Delivery Indicators for Education. March 2015. Pg. 1.

26) In fact, on April 11, 2015 MEHD launched a campaign to reduce teacher and pupil absenteeism.

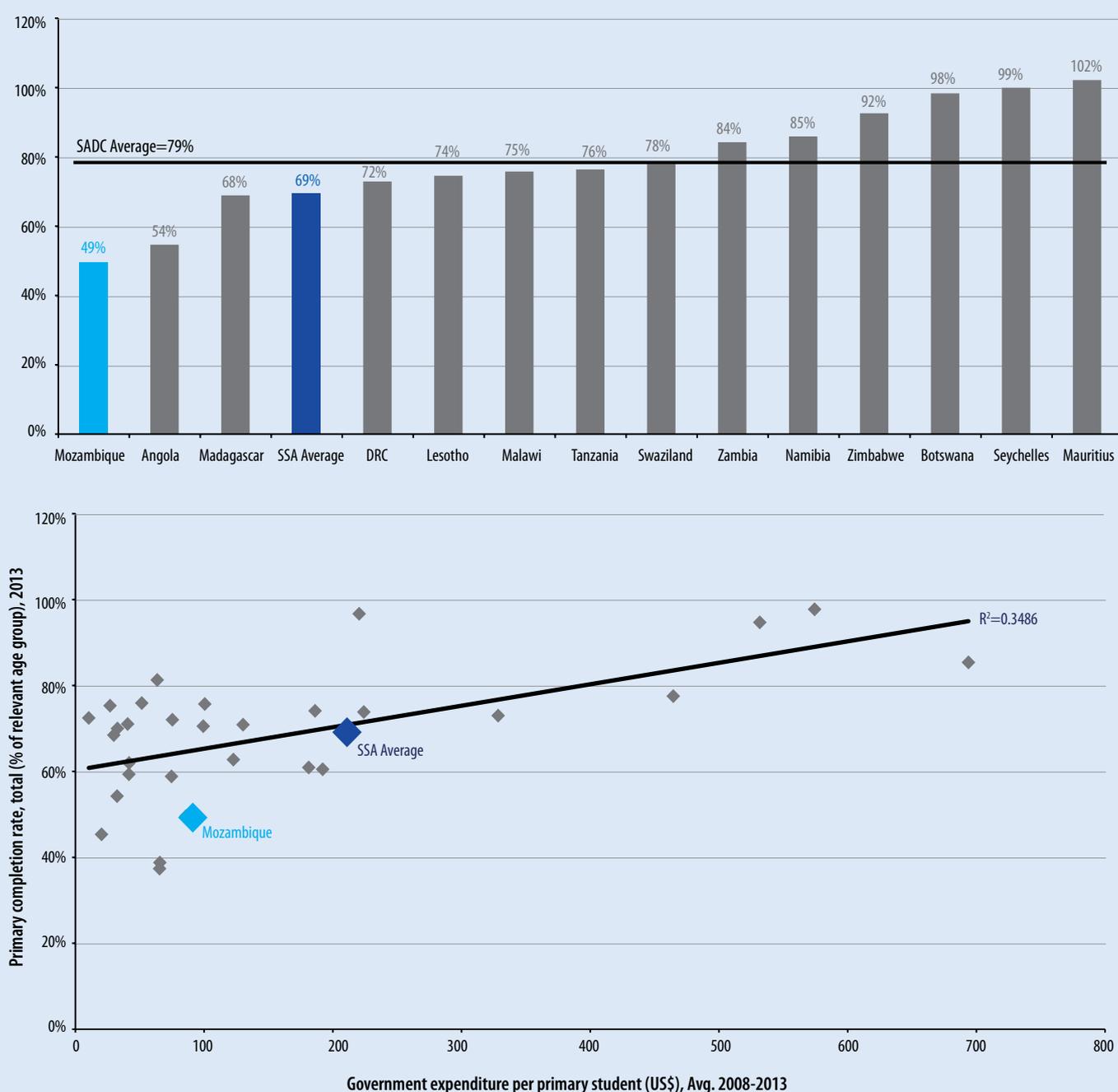
below the SSA average on the main measure for primary school performance. The Government Five-year Plan (PQG) defines a 92 percent primary completion rate as its goal for 2019. Therefore, Mozambique's Education Sector will need to employ major efforts to substantially increase the number of students completing primary school over the next five years in order to meet its PQG goal.

The primary completion rate in Mozambique is below the average of its African peers, even below those countries who spend similar amounts per primary student (see Figure 12b). In spending around US\$ 91 (MT 3,185) per primary student, which is

far below the Sub-Saharan Africa average of US\$ 211 (MT 7,385), only 49 percent of the students complete primary school.

By comparison, other countries spending near the same amount, such as The Gambia and Benin, are achieving completion rates of 71 and 76 percent, respectively. Furthermore, many other countries spend less than Mozambique, yet have much higher completion rates. Given Mozambique's level of expenditure, the average completion rate is 66 percent (see regression in Figure 12b). In order to improve completion rates, Mozambique must make efficiency gains to be sure that each marginal dollar spent is contributing to the improvement of the system.

FIGURE 12 a/b Primary completion rate compared to peers



Source: WB WDI, Primary completion rate, total (% of relevant age group), 2013 or most recent data. WB WDI, Government Expenditure Per Primary Student, Average for years 2008-2013.
 Note: Data was not available for all SSA countries.

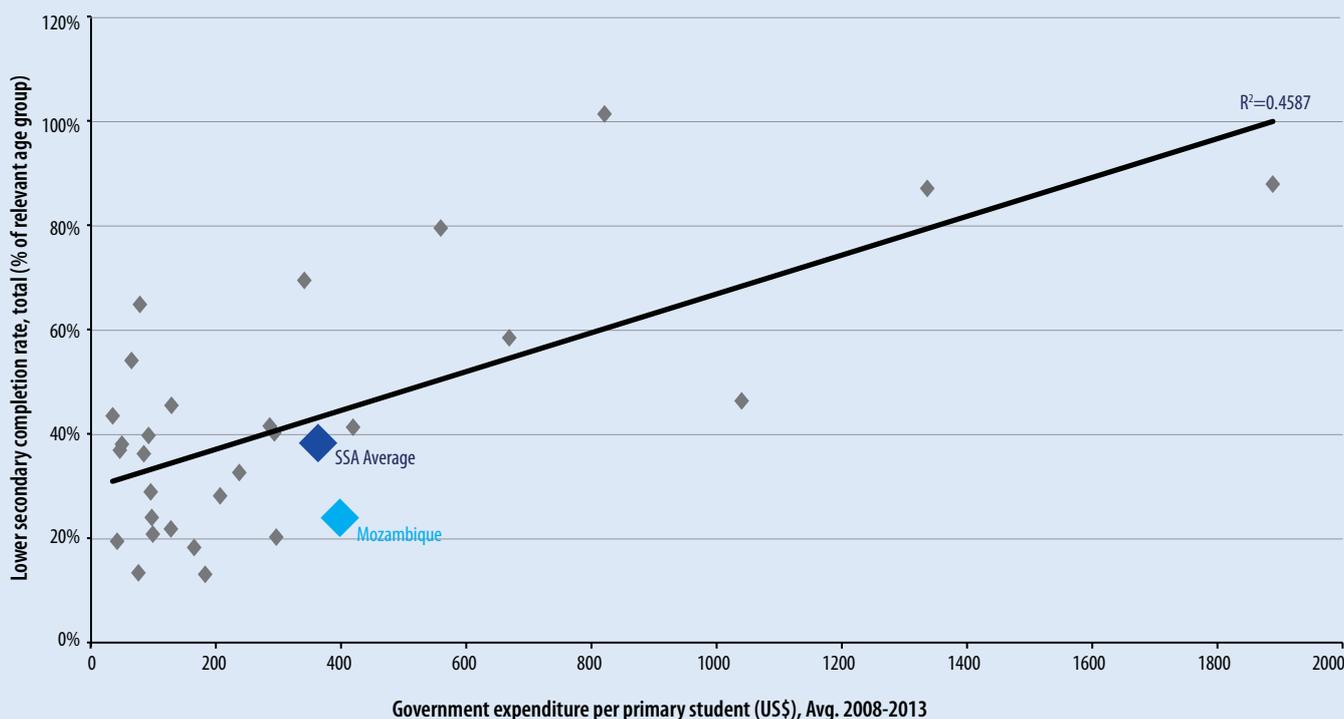
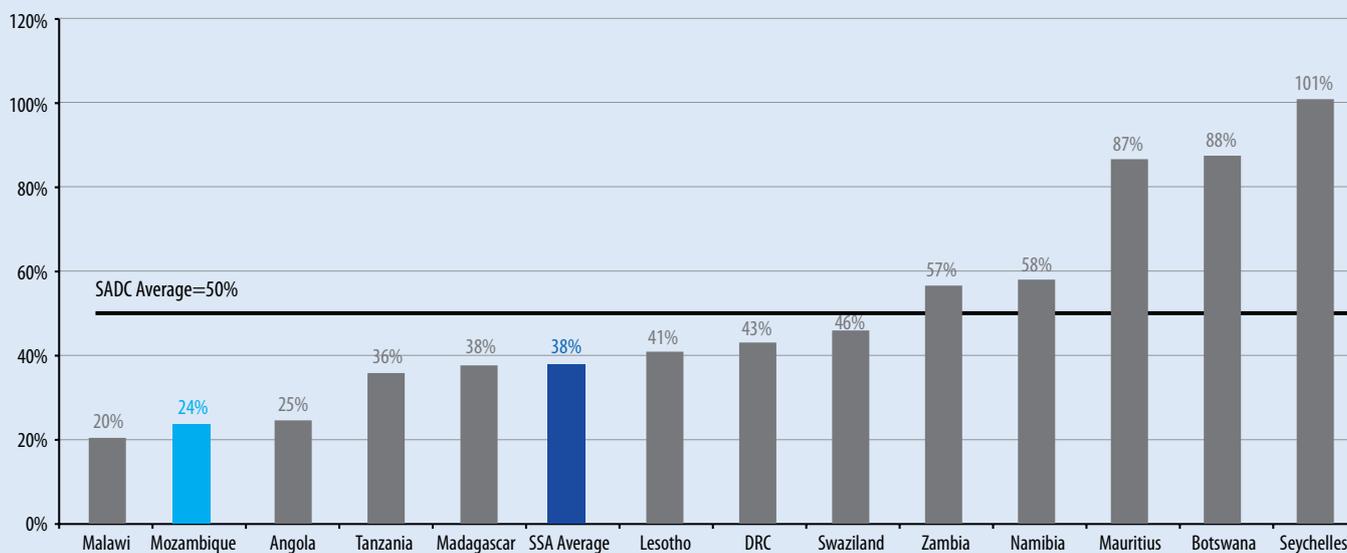
7.3 SECONDARY COMPLETION RATE

Mozambique is also well behind its African peers for lower secondary completion (see Figure 13a). Just 24 percent of the country's youth are completing lower secondary school, ranking it ahead of just Malawi within SADC, and 14 percentage points behind the SSA average.

For the amount that Mozambique spends per secondary student, the corresponding completion rate is again less than the average of its African peers (see Figure 13b).

The country spends around US\$ 397 (MT 13,895) per secondary student –roughly double many of its peers– yet achieves just a 24 percent completion rate. For approximately the same level of per student expenditure, Lesotho achieves a 41 percent completion rate; at the same time, a host of nations including Uganda, Burundi, and Burkina Faso are spending much less (US\$ 93, US\$ 95, US\$ 125, respectively) and attaining nearly the same lower secondary completion rate. Again, this shows that Mozambique is facing challenges to apply its education resources in an efficient and effective manner.

FIGURE 13 a/b Secondary completion rate compared to peers



Source: Source: WB WDI, Government expenditure per secondary student, Average 2008-2013. WB WDI, Lower secondary completion rate, 2013 or most recent data.

Note: Data was not available for all SSA countries.

3,528MT

Zambézia Province has the lowest per student/
year budget allocation in 2015

8. How can efficiency gains be made in education public spending?

To boost efficiency in the Education Sector, the Government should promote the role of school councils to improve school governance and outcomes for children. Given the inefficient outcomes for primary and secondary completion rates in Mozambique, the Education Sector must improve spending effectiveness in order to eventually improve performance. One way to do so would be to mobilize school councils to ensure monitoring of a range of school level activities, such as textbook delivery, teacher presence, and implementation of school construction and renovation projects²⁷. Other measures to ensure efficiency gains must be explored.

9. How equitable is the 2015 education budget between the provinces?

Despite having the highest nominal decentralized budget, Zambézia Province has the lowest per capita budget (see Figure 7 & 14). This raises the question of whether budget allocations are equitably determined on a per-student basis.



Photo: ©UNICEF/Mozambique

For (at least) the second year in a row, Zambézia Province has the lowest per student (all education levels) budget allocation of MT 3,528 (US\$ 101).

Tete registers the lowest primary school completion and attendance rate and Cabo Delgado registers the lowest secondary school completion rate. These two provinces are among the three lowest per-student funded in 2015. In fact, these two provinces –which have the most need– were also among the three least funded in the 2014 budget²⁸. Counter-intuitively, the province that demonstrates the highest primary and secondary completion measures, Maputo City, has the largest per-student budget allocation of MT 7,979 (US\$ 228). If the Government hopes to make performance improvements relative to its peers, it must prioritize funding for the provinces where the challenge is most severe, as the most room for progress is there.

Conclusion

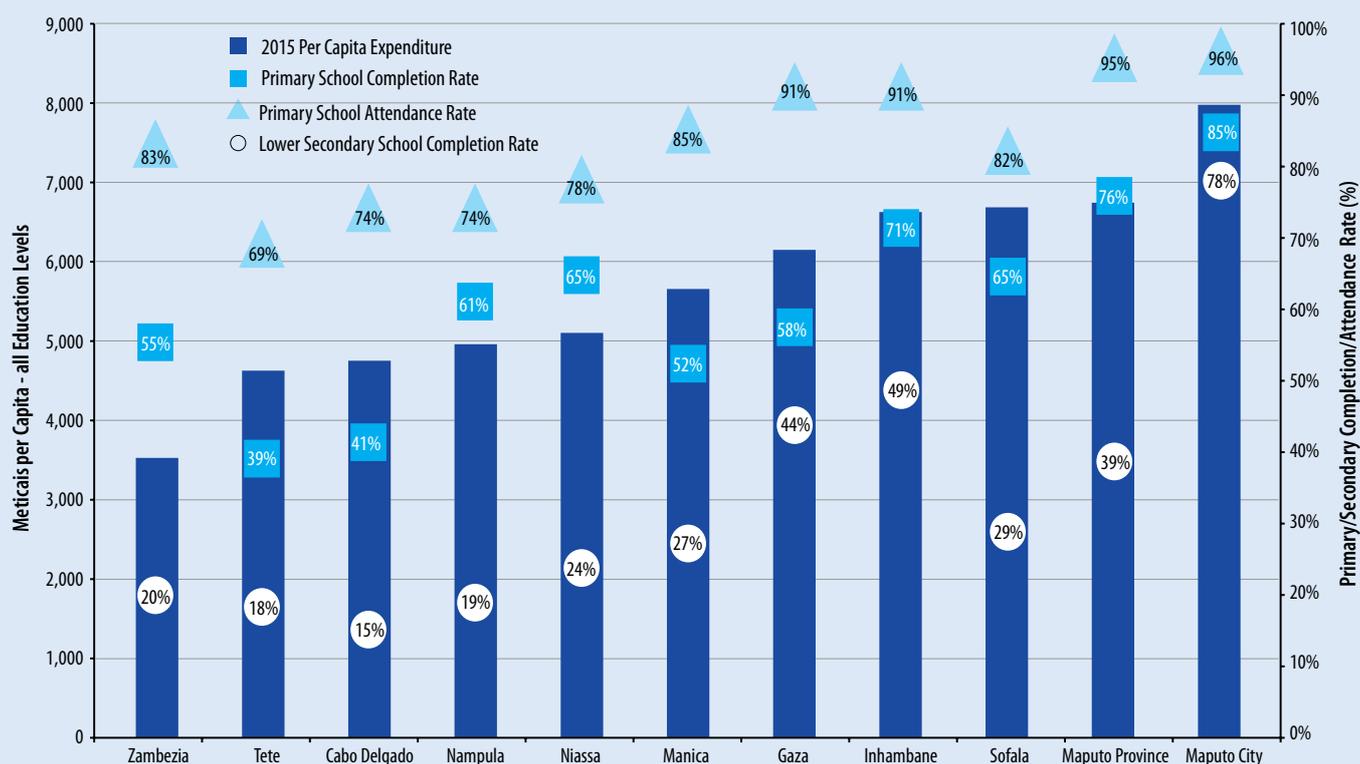
Over the past several years, the Mozambican Education Sector has sustained healthy nominal and real growth due to large surges in internal resources, enough to maintain expenditure shares of the total State Budget and GDP above those of its peers. Fast-paced decentralization and strong budget execution levels have contributed to improved local education service delivery; however, large gaps between itself and its African peers in expenditure-to-performance ratios suggest Mozambique's education spending is not as

efficient and effective as it could be. Moreover, inequitable per-student allocations by province accentuate regional inequalities. In order to improve indicators to meet Sector goals, the Government must review the education wage bill, increase the share of investment to improve education infrastructure and teacher quality, make expenditure efficiency gains, address absenteeism, and reverse regional disparities through increased per-student allocations to underserved provinces.

27) World Bank. 2014 Mozambique Public Expenditure Review. Chapter 5, Section 2b, Pgs. 75-76.

28) See UNICEF, 2014 Education Budget Brief, Pg. 10, Figure 10.

FIGURE 14 Education Sector budgeting by program area



Source: 2015 Per Capita Expenditure: Author's calculations from the LOE 2015. Student population: MEDH statistical database located at: [http://www.mec.gov.mz/STATS/Pages/3Marco.aspx], Databases: "Levantamento no Início do Ano", "Lista Nominal e Resumo de Escolas por Distrito, Província e Nível de Ensino". Search Criteria: 2008-2014, All Provinces, Publica, Diurno, EP1 EP2 ES1 ES2. Students (Tertiary) "Dados Estatísticos sobre o Ensino Superior em Moçambique 2012-07" Pg. 11 (Quadro 1.1). Primary Completion Rate: INE, MICS, 2008. Page 93. Lower Secondary Completion Rate: Author's calculation following statistical definition by WB WDI. Levantamento Escolar 2014, pg. 43 (For year 2014). Instituto Nacional de Estatística, Base e Dados, Projeções da População 2007-2020. (Year selected = 2014). Primary Attendance Rate: INE, MICS, 2008. Pg. 86.

Glossary of Budget Terms

Budget Execution (Execução do Orçamento): Percentage of allocated funds spent out of the total allocation

Deconcentration (Desconcentração): Shifting autonomous budget responsibility from a more centralized level to the provincial or district level.

Expenditure (Despesa Realizada): Allocated funds spent on education investment and recurrent costs

Initial Allocation (Dotação Inicial): The first allocation of funds, approved by Parliament

Nominal Values: Numbers not corrected for the effect of inflation

Real Values: Numbers corrected for inflation

Revised Initial Allocation (Dotação Rectificativa): A revised allocation of funds, approved by Parliament

Updated Allocation (Dotação Actualizada): The total funds that arrive at the disposal of a given education institution

Per Capita: Per person

Acronyms

| | | | |
|------|---|--------|--|
| bn | Billion | PEE | Education Strategic Plan |
| CGE | General State Account (Final Budget Report) | PES | Economic and Social Plan |
| DPEC | Provincial Directorates of Education and Culture | PQG | Government Five Year Plan |
| FC | Common Fund | FASE | Education Common Fund |
| GBS | General Budget Support | REO | State Budget Execution Report (Budget Update Report) |
| GDP | Gross Domestic Product | SADC | Southern African Development Community |
| G19 | Group of 19 General Budget Support donating countries | SDEJT | District Services for Education, Youth, and Technology |
| KfW | German Cooperation Agency | SSA | Sub-Saharan Africa |
| LOE | State Budget Law | UGB | Beneficiary Management Unit |
| MDG | Millennium Development Goal | UNICEF | United Nations Children's Fund |
| MEDH | Ministry of Education and Human Development | USD | United States Dollar (Currency) |
| MT | Mozambican Metical (Local Currency) | WB | World Bank |
| | | WDI | World Development Indicators |