1. Please note: All analysis was carried out with publicly available information. Where limitations were encountered, notes are made in the text. There are some minor discrepancies between the totals presented in past Budget Briefs and those presented in the 2018 edition. As data sources were updated, UNICEF revised its calculations. The viewpoints expressed in this brief are those of the author and do not necessarily represent those of UNICEF Mozambique.

**KEY MESSAGES**

The Education Sector was allocated MT 52.0 billion in the 2018 State Budget. This is an increase, in nominal terms, but a decrease in real terms, relative to last year’s expenditure. In proportional terms, the Education Sector budget represents 17.2 percent of the entire 2018 State Budget, or 22.4 percent of the State Budget less financial operations and debt servicing, both of which are a decrease compared to last year. The Education Sector budget is worth 5.2 percent of the projected GDP for 2018, which is also a decrease relative to the proportional share of last year’s education expenditure vis-à-vis GDP. Still, Mozambique spends more on education, as a share of total government expenditure and GDP, compared to the average of Low Income and Sub-Saharan African Country.

Large differences in per student funding persist across provinces. Noticeable differences in education systems size and per student funding exist between certain northern and southern provinces and least funded and most funded.

The Education Sector is composed of two parts: “General Education,” which includes primary and secondary education and is managed by MINEDH; and “Higher Education,” which includes tertiary education together with technical vocational education and training and is managed by MCTESTP. Over the past decade, General Education has averaged 85 percent of the total education budget and higher education has averaged 15 percent.

Over the past decade, the Education Sector has become increasingly self-reliant as Mozambique steadily increases the share of domestic funding to the sector. However, since 2015, the share of internal resources has decreased, including in the 2018 budget. This is due to increased external donor funding at the subnational level as well as the depreciation of the local currency vis-à-vis donor currencies.

The investment-to-recurrent ratio is budgeted at 17%: 83% in 2018, while it stood at 40%:60% in 2008. The large decrease in the investment share of the education budget over the past decade is due to the real terms decrease in investment funding from donors and the accelerated growth in recurrent spending, namely on salaries and remunerations.

Although the Education Sector has met most of its PES targets and POQ milestones for 2017, Mozambique still has a long way to go to satisfy its education-related 2019 PGQ objectives and achieve Goal 4 under the 2030 Sustainable Development Goals (SDGs).

Large differences in per student funding persist across provinces. Noticeable differences in education systems size and per student funding exist between certain northern and southern provinces and least funded and most funded.
How is the Education Sector Defined?

The Education Sector is composed of two parts: “General Education,” which refers to primary and secondary education, and “Higher Education,” which refers to tertiary education together with technical vocational education and training. The Education Sector, as defined by the National Directorate of Planning and Budget (DNPO), and as organized in the State Budget (LOE), Budget Execution Reports (REOs), and General State Account (CGE), is divided into two categories: General Education and Higher Education. The “General Education” segment of the sector is administered by the Ministry of Education and Human Development (MINEDH) and includes all education institutions with an Autonomous Budget Holder Code (UGB) of 50. “General Education” concerns primary and secondary education as well as distance education, scholarships, and libraries, among other topics. “Higher Education,” on the other hand, is administered by the Ministry of Science, Technology, Higher Education, and Technical Professional Training (MCTESTP) and includes education institutions with a UGB of 52. “Higher Education” concerns to the nation’s universities, higher-learning institutes, teacher colleges, as well as technical vocational education and training (TVET) programs.

The Education Sector is managed at the central, provincial, and district levels of government; but not at the municipal level. At the central (or ‘national’) level, the sector is overseen by MINEDH and MCTESTP; at the provincial level, it is managed by the respective Provincial Directorates of Education and Human Development (DPEDH) and Provincial Delegations for Science and Technology (DPCT); and at the district level it is managed by the respective District Services for Education, Youth, and Technology (SDEJT).

In 2018, the Education Sector added three new autonomous budget holders to its sector composition. These three new additions were SDEJTs in Gaza province at the district level. In 2017, the Education Sector added 7 UGBs and in 2016 it added 24. In previous years, the majority of new budget holders in education came as SDEJTs at the district level, however, several new holders were added at the central and provincial level by having their budget separated from MINEDH’s or MCTESTP’s budget, adding an institution from a different sector, or by the creation of a new education institution. At the central level, there are still several subordinate and sponsored education institutions whose budgets are concentrated in MINEDH’s and MCTESTP’s budgets. These institutions should be assigned UGBs to improve the transparent and accountable use of public funds. With the three additions in 2018, the Education Sector now has 213 total autonomous budget holders.

Education is one of seven priority sectors in the Mozambican Government’s agenda for poverty alleviation and national development. Education Sector planning and budgeting is guided by the 2012-2019 Education Strategic Plan (PEE). The PEE prioritizes (i) access to quality primary education and (ii) greater attention to early childhood development. Beyond the two main priorities, the education strategy also emphasizes post-primary education for economic development; diversification of school curriculum; introduction of technology in teaching; good governance of education resources; and improved management of education institutions and education systems at the district level. When the PEE was extended from its original implementation term of 2012-2016 to 2012-2019, it was for the specific purpose of “improving primary education performance in the short and medium terms.”

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2. See Mapa III-3 in the REO (Relatório de Execução do Orçamento) and Mapa I-1-1 or Mapa I-1-2 in the CGE (Conta Geral do Estado).
3. It is worth mentioning that discussions are ongoing to transfer management of primary education to the municipalities in accordance with Decreto 33/2006. Under MINEDH these include: National Institute of Educational Development (INDE), National Council of Exams, Certification, and Standardization (CNECE); Institute of Open Distance Education (IEDA); and the Maputo International School (EIM).
4. Under MCTESTP these include: National Enterprise of Science and Technology Parks (ENPCT), Institute of Water Research (IIA), Research and Technology Transfer Center for Community Development (CITT), and National Network of Technology and Innovation (RNTI).
5. The PEE implementation period was initially 2012-2016; however, in 2016, the implementation period was extended through 2019.
6. MINEDH. Education Strategic Plan (PEE) 2012-2016. Page 35.
What Trends Emerge from the Education Budget?

To understand trends in Mozambique’s budget, three separate measures must be considered: (i) “initial allocation” (dotação inicial), which refers to the budget appropriations agreed by Parliament in the budget law; (ii) “updated allocation” (dotação actualizada), which refers to the end-of-the-fiscal-year budget appropriations adjusted for actual revenues, adjusted government priorities, spending rates, etc.; and (iii) “expenditure” (realização), which refers to the amount of the budget that is spent.

Total Education Sector Budget

The Education Sector was allocated MT 52.0 billion (US$ 862.8 million\(^7\)) in the 2018 State Budget. This is an increase, in nominal terms, but a decrease in real terms, relative to last year’s expenditure (see Figure #1A & B). In nominal terms, the 2018 initial allocation to the Education Sector budget denotes an 8 percent increase relative to the 2017 budget and a 1 percent increase relative to 2017 sector expenditure. In real terms, the 2018 initial allocation represents nearly the same initial allocation as 2017 and a 1 percent decrease relative to 2017 spending. In historical terms, the 2018 initial allocation to education is the largest-ever nominal allocation, but fourth-largest real allocation after 2015, 2014, and 2016, in descending order.

In proportional terms, the Education Sector budget represents 17.2 percent of the entire 2018 State Budget or 22.4 percent of the State Budget less financial operations and debt servicing. This is a decrease relative to the proportional share of last year’s education expenditure vis-à-vis total government expenditure (see Figure #2A). Sector shares can be calculated one of two ways: (i) with the entire State Budget or government expenditure in the denominator or (ii) with the entire State Budget or government expenditure less financial operations and debt servicing in the denominator. The Government of Mozambique (GoM) employs the latter method. This report describes both methods since the former is a better measure for benchmarking with Mozambique’s regional and income peer countries. Between 2008 and 2014, the share of Education Sector spending vis-à-vis total government spending decreased from 21.7 percent in 2008 to 16.4 percent in 2014; then, in 2015 and 2016, the sector grew to 20.9 and 22.4 percent shares, respectively; finally, in 2017 expenditure dipped to 18.9 percent and is budgeted at 17.2 percent in 2018. In other words, apart from 2015, real growth in government expenditure outpaced real growth in education expenditure.

**Source:** Author’s calculations from the CGE 2008-2016, REO IV 2017, LOE 2018. World Bank, World Development Indicators: Consumer Price Index (2010 = 100). Inflation adjusted data point for 2017 based on INE, “Índice de Preços no Consumidor, Dezembro de 2017” and data point for 2018 based on LOE 2017 Documento da Fundamentação. Note: Figures represent entire Education Sector (i.e. General Education and Higher Education). For 2011, the CGE lists total Education Sector spending to be MT 14.7 b, however, revised sector totals for 2011, which include SDEJT district spending, list the total at MT 24.8 b. This revised expenditure total will be used to represent 2011 education spending for the rest of the report. At the time of writing, the 2017 public expenditures account has yet to be finalized; in this regard, it is possible the expenditure total is slightly larger than shown. While years 2008-2017 display expenditure figures, 2018 is the initial budget allocation.

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7. Author’s calculation based on the average 2018 exchange rate at the time of writing, 1 USD = 60.3 Meticals.
**FIGURE 2A & B** Trends in the weight of the Education Sector relative to total government spending and GDP

The Education Sector budget represents 5.2 percent of projected GDP. This is a decrease relative to the proportional share of last year’s education expenditure vis-à-vis GDP (see Figure #2B). Between 2008 and 2014, the share of Education Sector spending vis-à-vis gross domestic product (GDP) increased; however, in 2016 and 2017 the share decreased and is projected to decrease again with the 2018 budget. In other words, from 2008 through 2015, real growth in education expenditure outpaced real GDP growth; since 2015, real GDP growth has outpaced real growth in education expenditure.

Mozambique spends more on education, as a share of total government expenditure and GDP, compared to the average of Low Income and Sub-Sahara African Countries (see Figure #2A & B). Compared to both its income and regional peers, Mozambique has spent, on average, a higher share of education resources, relative to total public spending and GDP, between 2008 and 2017. Since 2008, Mozambique’s Education Sector has averaged a 19.3 percent share of total government expenditure (or 22.1 percent of total government expenditure less financial operations and debt servicing), while both low-income countries (LIC) and Sub-Sahara African (SSA) countries averaged a 16.7 percent share. Relative to GDP, Mozambique has averaged a 6.3 percent share, compared to a 3.9 percent share for LICs and a 4.3 percent share for SSA.

**General Education versus Higher Education Budget**

Over the past decade, general education has averaged 85 percent and higher education has averaged 15 percent of the total education budget (see Figure #3). Between 2008 and 2017, General Education and Higher Education were worth an average of 85 percent and 15 percent of total Education Sector spending, respectively. Although there has been some variation in the sub-sector shares over time, these shares did not differ by more than 3 percentage points from the average. In 2018, the General to Higher Education ratio is budgeted at 82 to 18 percent of the total sector budget.

Source: Author’s compilation from the CGE 2008-2016; REO IV 2017; LOE 2018. World Bank, World Development Indicators: Government expenditure on education, total (% of government expenditure); Government expenditure on education, total (% of GDP).

Note: Figures represent entire Education Sector (i.e. General Education and Higher Education). LIC and SSA are averages for all Low-Income Countries and Sub-Sahara African Countries for which data is available. At the time of writing, the 2017 public expenditures account has yet to be finalized; in this regard, it is possible the expenditure total is slightly larger than shown. The 2018 shares are initial budget allocations while the 2008-2017 shares are expenditure.

**FIGURE 3** General Education and Higher Education Budget

Source: Author’s compilation from the CGE 2008-2016; REO IV 2017; LOE 2018.

Note: At the time of writing, the 2017 public expenditures account has yet to be finalized; in this regard, it is possible the expenditure total is slightly larger than shown. The 2018 shares are initial budget allocations while the 2008-2017 shares are expenditure.
In nominal terms, both general and higher education have increased over the past decade; in real terms, higher education has increased slightly since 2008 and general education has decreased since 2015. Between 2008 and 2017, General Education spending has more than tripled, increasing from MT 13.2 b in 2008 to MT 44.6 b in 2017. In 2018, General Education is budgeted to receive MT 42.5 b, which represents a slight decrease relative to 2017 expenditure. In real terms, General Education spending increased by approximately 75 percent between 2008 and 2017, but has been decreasing since 2015. Higher Education spending increased from MT 1.9 b in 2008 to MT 6.9 in 2017, and is budgeted to receive MT 9.6 m in 2018. In real terms, Higher Education spending almost doubled over the same period. MCTESTP’s spending has shown a large increase over the last decade, both in nominal and real terms.

MINEDH expenditure has decreased in real terms over the past decade. The decrease is for two main reasons: (i) the unbundling of the budgets of other Education Sector institutions from MINEDH’s own budget and (ii) the decrease in external donor funding to the sector, particularly at the central level, which is habitually channeled through the Ministry. Regarding the latter reason, it is important to note that this does not necessarily imply donors have decreased sector funding equal to the decrease in external funding to MINEDH; rather, post disclosure of hidden loans, donors have recently been relying on alternative funding modalities (e.g. unilateral support to NGOs) that are not inscribed on MINEDH’s budget and not channeled through the single treasury account (CUT).

**What is the Source of Education Sector Resources?**

The Education Sector in Mozambique is financed with both internal (i.e. domestic) and external (i.e. foreign) resources. Internal resources are mobilized domestically through taxes, tariffs, duties, and internal credits, and were, up until 2015, complemented by General Budget Support (GBS), which was un-earmarked, yet conditioned subsidies to the State Budget provided by a group of development partners. External resources, on the other hand, consist of non-GBS foreign aid, donations, and external credits.

External resources applied to General Education fit into two categories: (a) “FASE contributions”, which is funding from development partners to the multi-donor Common Fund for Education, and (b) “Bilateral Project Funds”, which are all other grants and credits from partners not channeled through FASE. FASE resources are categorized as external investment, however, they are managed by MINEDH using national procedures: they are inscribed on the budget, channeled through the CUT, follow government procurement policy, but require external audit. On the other hand, external resources applied to Higher Education are specifically bilateral project funds as there is no common fund operated by MCTESTP.

Bilateral project funds are to be coordinated between the donor and MINEDH/MCTESTP and applied through a variety of modalities including: (i) direct government support with government-only or joint partner-government implementation, often “On-Budget, On-CUT”; (ii) partner or third-party implementation, often “On-Budget, Off-CUT”; or (iii) partner or third-party implementation, but “Off-Budget.” One challenge faced by MINEDH/MCTESTP is the inconsistent and incomplete reporting by donors and implementing organizations of their budgeting and expenditure on bilateral projects that are Off-CUT and Off-Budget. To ensure greater coordination, non-duplication of efforts, and improved analysis of sector spending and budgeting, all education stakeholders should communicate education project finances and results to the relevant ministry.

In the Education Sector, resources are budgeted on a five-year basis through the Medium-Term Fiscal Plan (CFMP) per the priorities laid out in the PEE and Operational Plan; then, re-budgeted into single-year sector budget proposals in accordance with the proposed PES. The education budget proposal and education section of the PES proposal are then negotiated with the Council of Ministers and the Ministry of Economy and Finance (MEF) before being submitted to Parliament. Parliament approves Education Sector resources as part of its approval of the State Budget, after which, the sector’s institutions utilize the resources in accordance with its annual Activities Plan (PdA).
Internally- versus Externally-sourced Resources

General Budget Support, which was a consistent source of financing for priority sectors—including education—over the years, remains suspended in 2018. Prior to 2016 when GBS was suspended in response to the country’s undisclosed loans, GBS contributions to the State Budget were greater than MT 10 b. The suspension has left a gap in budget resources in recent years that the government has partially filled with increased borrowing. This suspension has continued into 2018.8

Between 2008 and 2015, Mozambique steadily increased the share of domestic funding to the Education Sector, signaling greater self-reliance in the Education Sector; however, since 2015, the share of internal resources has decreased, including in the 2018 budget (see Figure 4A & B). Although internal resources dedicated to the Education Sector increased from a 70 percent share in 2008 to a 91 percent share in 2015, the share has decreased over the past three years as a result of increasing external donor funding at the subnational level. The internal-to-external resource ratio was 87-to-13 percent according to 2017 expenditure totals, and is budgeted at 86-to-14 percent in the 2018 sector budget. It must be noted that the internal share would be higher between 2016 and the present if not for the national currency’s depreciation vis-à-vis donor currencies. In fact, in real terms, internal resources increased by 120 percent between 2008 and 2017, while external resources decreased by 26 percent over the same period. Although donors have progressively contributed less in their own currency, it has been more in MT terms due to depreciation of the Mozambican currency (i.e. a US$ 1 donation in 2008 was worth approximately MT 24, whereas it is worth about MT 60 in 2018).

The Education sector receives a larger share of internal resources than the State Budget. The 2018 Education Sector budget relies on 86 percent internal resources and 14 percent external resources. In 2018, the share of internal resources dedicated to the Education Sector is 6 percentage points higher than the share of internal funding to the Entire State Budget.9

![Figure 4A & B](image)

**FIGURE 4A & B** Provision of internal versus external resources

<table>
<thead>
<tr>
<th>NOMINAL TERMS</th>
<th>PROPORTIONAL TERMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billions of Meticals (MT 10^9), Current</td>
<td>Share of Education Resources, %</td>
</tr>
<tr>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>10</td>
<td>10%</td>
</tr>
<tr>
<td>20</td>
<td>20%</td>
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<td>30</td>
<td>30%</td>
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<td>70%</td>
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<td>80%</td>
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<tr>
<td>90</td>
<td>90%</td>
</tr>
<tr>
<td>100</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Author’s calculations from the CGE 2008-2016; REO IV 2017; LOE 2018: Quadro “Equilibrio Orçamental”.

Note: Shares were calculated out of the entire State Budget, including financial operations and debt servicing. The education portion represents the entire Education Sector (i.e. General Education and Higher Education).

At the time of writing, the 2017 public expenditures account has yet to be finalized; in this regard, it is possible the expenditure total is slightly larger than shown. The 2018 shares are initial budget allocations while the 2008-2017 shares are expenditure.

Education Sector Support Fund (FASE)

FASE is expected to contribute about MT 4 b to the Education Sector in 2018 (see Figure 5). This represents a 48 percent decrease relative to 2017 FASE commitments, but an 18 percent decrease compared to last year’s total disbursements.10 Nevertheless, 2018 FASE allocation is approximately on par with the average commitments and disbursements of the past ten years. In fact, over the past ten years, FASE commitments averaged MT 4.6 b, while actual disbursement averaged MT 3.6 b. With FASE, donor disbursements rarely matched commitments during the past decade, which hampers the ability of the Education Sector to effectively plan when not all resources are received.

In 2018, the largest FASE commitments come from the World Bank, followed by the Embassy of Germany and the Embassy of Finland. In 2018, the World Bank committed US$ 60,900,000 to FASE in this year’s budget, Germany committed US$ 15,960,000, and Finland committed US$ 9,120,000. Other developing partners participating in the sector’s common fund this year include the Embassy of Ireland; Canada; Italy; UNICEF; and Portugal.11

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10. It must be noted that 2017 high values for both commitment and disbursement were not necessarily due to increased funding to FASE, but exchange rate dividends due to the depreciated meticais (i.e. in donor currency terms the disbursements did not really increase).
How are Education Sector Resources Spent?

The Ministry of Economy and Finance releases initial funds (dotação inicial) via the CUT to each autonomous budget-holding education institution and subsequently updates the allocation based on budget execution rates and available resources (dotação actualizada). The institutions track spending (execução) through the e-SISTAFE (Government integrated financial management information system), which sources quarterly budget execution reports (REOs) and the annual General State Account (CGE). The way the 2018 education budget will be spent can be analyzed from the following three perspectives:

Recurrent versus Investment Spending

The State Budget reports expenditure by dividing it into two different categories: Recurrent and Investment. Recurrent expenditure is the set of resources used to keep a system or an institution “up and running” and includes spending on salaries/remunerations, goods and services, operating costs, transfers, and financial operations. Investment (i.e. capital spending) describes expenditure aimed at improving the Sector’s longer-term productivity and efficiency (i.e. construction of schools, libraries, additional classrooms, etc.). Recurrent spending is exclusively financed through internal resources, whereas investment is both funded internally and externally. It is necessary to point out that in Mozambique all external funding is recorded in the budget as “external investment”, when in fact, it might have a portion dedicated to recurrent functions. In order to improve the understanding and transparency of investment levels in education and other priority sectors, it is important for MEF to begin tracking the recurrent aspect of externally-funded projects in e-SISTAFE.

As recurrent expenditure has increased in nominal and real terms, the investment-to-recurrent ratio has decreased from around 40%: 60% a decade ago to around 17% : 83% today (see Figure #6A&B). In 2018, recurrent spending for the Education Sector is budgeted at MT 43.3 b, and investment is budgeted at MT 8.8 b, in nominal terms. Between 2008 and 2018, recurrent spending has increased by over 300 percent in nominal terms and over 100 percent in real terms. Over the same period, investment spending has increased 60 percent in nominal terms, but decreased 20 percent in real terms. In proportional terms, 83 percent of resources in 2018 are budgeted for recurrent purposes and 17 percent are budgeted for investment purposes. Of the 17 percent share dedicated to investment, internal investment represents 3 percent, while external investment represents 14 percent. The 2018 internal investment share is much smaller than the 11 percent share observed in 2010, and the 2018 external investment share is much smaller than the 30 percent share observed in 2008. In short, the proportional share of investment has decreased despite nominal growth for two main reasons: (i) the real value of investment funding from donors decreased and (ii) the share set aside for recurrent purposes is growing much faster than the share set aside for investment.
**Investment**

The largest investment project in the 2018 education budget, irrespective of internal/external financing, is the purchase of school books (see Table #1). When disaggregating by internal and external investments it emerges that (i) the largest internal investment project in the 2018 education budget is the construction of school classrooms followed by the purchase of school desks. (ii) The largest external investment project in the 2018 education budget is the purchase of school books followed by the construction of school classrooms.

FASE is financing ten main Education projects, among which, ‘Livro Escolar’ is budgeted to receive the largest allocation. FASE is supporting the following projects at the central level, in order of funding weight: ‘Livro Escolar’, Early Childhood Development Pilot project; technical assistance to evaluation and development; curricular monitoring and development; professor training and capacity building; educational materials for secondary education; educational materials for adult education; construction and rehabilitation of secondary and technical schools; HIV fight and prevention. At the district level, FASE is supporting the School Grants Program (ADE) (see Table #1).

**TABLE 1 Largest Education Sector investments**

<table>
<thead>
<tr>
<th>Institution</th>
<th>Activity</th>
<th>Internal Investment</th>
<th>External Investment</th>
<th>Investment Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>MINEDH</td>
<td>SCHOOL BOOKS</td>
<td>-</td>
<td>1,021,197</td>
<td>1,021,197</td>
</tr>
<tr>
<td>MINEDM, MCTESTP, DPEHs, ISPs</td>
<td>CLASSROOMS CONSTRUCTION</td>
<td>269,133</td>
<td>746,656</td>
<td>1,015,789</td>
</tr>
<tr>
<td>UEM</td>
<td>LECTURING, RESEARCH AND EXTENSION</td>
<td>102,430</td>
<td>667,101</td>
<td>769,531</td>
</tr>
<tr>
<td>MCTESTP</td>
<td>HIGH EDUCATION PROJECT</td>
<td>-</td>
<td>618,236</td>
<td>618,236</td>
</tr>
<tr>
<td>MCTESTP</td>
<td>TECHNICAL AND VOCATIONAL EDUCATION REFORM PROJECT</td>
<td>-</td>
<td>426,900</td>
<td>426,900</td>
</tr>
<tr>
<td>MINEDH</td>
<td>LEARN TO READ PROJECT (USAID)</td>
<td>15,000</td>
<td>350,086</td>
<td>365,086</td>
</tr>
</tbody>
</table>

Source: Author’s compilation from ‘Social & Economic Sectors in 2018’ file provided by MEF.

12. Ibid, Page 25
The Direct School Grants (ADE) Program was established in 2003 with the main objective of providing funds directly to first-level primary schools (EP1) for the purchase of basic learning materials such as pencils, pens, notebooks, and additional reading materials. In 2004, a health and HIV/AIDS component and a project in support of orphaned and vulnerable children were added to prevent the exclusion of more vulnerable students in selected districts. Currently, the program covers all public primary schools and the list of eligible materials that can be purchased with the program funding include among others: learning & teaching materials; administrative materials; school sports equipment, support materials for disadvantaged children; hygiene and cleaning materials for school materials.

The ADE Program represents the government’s first effort at decentralizing education funding to the school-level. This is based on the idea that schools know better what their individual needs are compared to the Ministry located sometimes thousands of kilometers away. It is also based on the theory that the sector can achieve greater efficiency, effectiveness, and economy by decentralizing planning and spending authority closer to the end-beneficiary: students. ADE funds are to be managed by the school director and staff in association with school councils; spending is overseen by SDEJT school supervision units.

The ADE Program is worth MT 760 m in 2018. This is on par with the 2017 ADE allocation and disbursement, and approximately MT 200 m larger than disbursements in 2015 and 2016. The 2018 allocation also represents a 30 percent increase compared to 2015. Nevertheless, there has not been much variation in the ADE shares of total Education spending and of district-level sector spending, which have been close to their respective averages over the past few years. Since 2015, ADE disbursements have averaged a 1.4 percent share of the total Education Sector budget, and a 2.3 percent share of District-level sector spending (i.e. SDEJT). In order to maximize benefits of the school grants approach, the Education Sector should continue to prioritize strengthening local school-level governance though school councils. Doing so will help improve community participation, transparency, and accountability of school resources. Equally, school supervision needs to be improved to ensure such resources are being utilized to their potential and are not mismanaged. Strengthening these local systems will help ensure ADE resources achieve their intended purpose: boosting school-level results by addressing school-level needs.

Recurrent
Salaries and remunerations makes up the largest share of recurrent spending, and total education spending for that matter (see Figure #7). Between 2015 and 2017, salaries and remunerations averaged 78 percent of the total sector spending. In 2018, salaries and remunerations are budgeted at 81 percent of education resources, which represents the highest share of the past few years. It must be noted that salaries making up the largest share of the Education Sector budget is common for education sectors around the world. What is worrying, however, is that the growth in salaries and remunerations has been crowding out investment in the sector, as evidenced by the declining investment to recurrent ratio over the last decade.

The number of new teachers hired in 2018 is below the average for previous years. While in recent years an average of 8,400 new teachers were hired every year, according to the 2018 Plan of Activities for the Education Sector, only 5,213 new teachers will be hired in 2018. This represents a 35 percent decrease relative to 2017 new hires. This decrease was made in the effort to rein in spending on personnel; however, without knowing teacher attrition rates, it is difficult to know the budget impact of such action. Nevertheless, it is also important to note that decreasing the student-to-teacher ratio has long be a sector objective, and cutting teacher hires will make meeting the objective more difficult.

FIGURE 7 Resource shares by economic classification category

Source: Author’s compilation from MINEDH, PdA 2017 and PdA 2018.
Note: Shares are based on solely the “General Education” segment of the Education Sector budget. All shares presented for 2015-2018 represent budgeted shares and not expenditure.
Resource Use by Education Institution

The share of funding going to education district services (SDEJTs) has increased at the expense of MINEDH and provincial directorates (DPEDHs) (see Figure #8). The share of General Education resources dedicated to SDEJTs, which represents the Ministry at the district level, increased from 44 percent in 2015 to 60 percent in the 2018 budget. Meanwhile over the same time period, the share of sector resources allocated to DPEDHs decreased from 24 percent to 13 percent and the share of resources allocated to MINEDH decreased from 12 percent to 7 percent. Expenditure data shows that, over the past three years, decentralization occurred from the central and provincial levels to the district level.

Resource Use by Functional Area

The majority of education resources are spent on primary education followed by secondary education (see Figure #9). Between 2015 and 2018, Primary Education (including pre-primary) received, on average, one-half of the total resources dedicated to General Education; this is followed by Secondary Education which received, on average, one-quarter of total resources. The third largest spending category was Administration and Institutional Development, which averaged around one-fifth of total General Education resources.

Figure 8: Resource shares by institution

Figure 9: Resource shares by functional area

Source: Author’s calculations from, CGE 2015-2016, 2017 REO IV, and LOE 2018.

Note: Shares are based on solely the WASH Sector segment of the Education Sector budget.

Source: MINEDH, PdA 2015 - 2018

Note: Shares are based on solely the WASH Sector segment of the Education Sector budget. All shares presented for 2015-2018 represent budgeted shares and not expenditure.
How Well Has the Education Sector Executed its Past budgets?

The Education Sector has executed, on average, 92 percent of the budget; however, the aggregate execution rate would be higher if execution rates for external investment were higher (see Figure #10). Between 2008 and 2017, the average execution rate of the Education Sector was 92 percent. This is above the average execution rate of the overall State Budget. In 2017, the sector provisionally executed 92 percent of its budget which, if confirmed with the release of the 2017 CGE, is a decrease of 3 percentage points relative to 2016 execution rate. Internal and external resources of the Education Sector vary greatly in their execution rates: recurrent spending (i.e. internal) averaged 99 percent; internal investment averaged 93 percent, and external investment averaged 71 percent. The aggregate execution rate would be higher if execution were higher for external investment.

Both MINEDH and MCTESTP execute relatively low shares of their budget. This is mostly due to the low execution of the externally funded components of their budgets (see Figure #11). In the past three years, MINEDH and MCTESTP have executed 73 and 53 percent of their resources, respectively. Although these shares are low compared to the aggregate execution rate of the Education Sector for the same years (i.e. 93 percent), there has been an improvement in the execution over time. In fact, the MINEDH execution rate increased from 69 percent in 2015 to 79 percent last year. The MCTESTP execution rate more than tripled between 2015 and 2017.

FIGURE 10
Budget execution by spending category

FIGURE 11
Execution rates of MINEDH and MCTESTP

Source: Author’s calculations from the CDEs 2008-2016, REO IV 2017.
Note: At the time of writing, the 2017 public expenditures account has yet to be finalized; in this regard, it is likely these totals are larger than portrayed.

Source: Author’s calculations from the CGE 2008-2016 and REO IV 2017. Note: Figure represents entire Education Sector (i.e. General Education and Higher Education). At the time of writing, the 2017 public expenditures account has yet to be finalized; in this regard, it is possible the execution rate is slightly larger than shown.
How Has the Education Sector Performed?

Education Outputs

The Education Sector in Mozambique either met or was close to meeting its planned PQG milestones and PES targets for 2017 (see Table #2). However, in order to meet the overall 2019 PQG objectives, certain activities will need to be prioritized. Of particular attention should be: (i) new teacher hires which were reduced in 2018 Budget relative to previous years; (ii) school desks; (iii) and secondary education fellowships.

Absenteism and low teacher capacity are two main factors hindering education performance in Mozambique. The World Bank’s Mozambique Service Delivery Indicators for Education (2015) pointed at both absenteism and low capacity as the major threats to achieving education outcomes. The study reports that on unannounced school visits, an average 56 percent of students were not present; 45 percent of school teachers were not present in the classroom; and 44 percent of school directors were not at the school. When testing teachers on the school curriculum they were responsible to teach, the study found that only 1 percent of teachers scored above 80 percent, and the average score was just 29 percent. These issues need to be addressed to ensure that Mozambique matches the performance of its peers.

Activities

Education Outcomes

Over the past decade and a half, Mozambique has demonstrated considerable improvement in key education outcomes; however has still a long way to go in order to meet its Sustainable Development Goals (see Table #3). Correlations between increased spending on primary education, increased primary enrolment, yet decreasing primary completion suggests that education expenditure has helped matriculate students, but not retain them. For secondary education, Mozambique’s enrolment and completion rates improved more over time than those of its LIC and SSA peers; nevertheless, Mozambique is still more than 10 percentage points behind its peers for secondary enrolment, and more than 15 percent behind for secondary completion.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of new primary school teachers contracted</td>
<td>MINED</td>
<td>46,849</td>
<td>42,500</td>
<td>8,106</td>
<td>7,000</td>
<td>8,085</td>
<td>24,446</td>
<td>5,213</td>
</tr>
<tr>
<td>Student-Teacher Ratio in Primary School First Grade</td>
<td>MINED</td>
<td>62.0</td>
<td>570</td>
<td>60.0</td>
<td>58.0</td>
<td>59.9</td>
<td>60</td>
<td>59.0</td>
</tr>
<tr>
<td>Primary school enrolment rate 15 years in 1st grade, male and female</td>
<td>MINED</td>
<td>81.5%</td>
<td>86.0%</td>
<td>86.5%</td>
<td>85.0%</td>
<td>83.9%</td>
<td>1</td>
<td>85.0%</td>
</tr>
<tr>
<td>Number of school desks procured and distributed</td>
<td>MINED</td>
<td>200,000</td>
<td>700,000</td>
<td>60,325</td>
<td>177,929</td>
<td>62,249</td>
<td>213,224</td>
<td>65,608</td>
</tr>
<tr>
<td>Number of scholarships for students pursuing a bachelor’s degree</td>
<td>MINED</td>
<td>Indicator not listed in original version of PQG 2015-2019</td>
<td>300</td>
<td>Insufficient Data</td>
<td>1,422</td>
<td></td>
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<tr>
<td>Number of literacy instructors contracted</td>
<td>MINED</td>
<td>Indicator not listed in original version of PQG 2015-2019</td>
<td>19,000</td>
<td>Insufficient Data</td>
<td>10,421</td>
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<tr>
<td>Number of student textbooks printed and distributed</td>
<td>MINED</td>
<td>Indicator not listed in original version of PQG 2015-2019</td>
<td>13,776,000</td>
<td>Insufficient Data</td>
<td>13,783,700</td>
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</tr>
<tr>
<td>Number of Mozambican researchers and teachers trained at the masters and doctorate levels</td>
<td>MCTESTP</td>
<td>1,600 (1,200 masters, 400 doctorate)</td>
<td>3,300 (2,500 masters, 800 doctorate)</td>
<td>70</td>
<td>250</td>
<td>346</td>
<td>987</td>
<td></td>
</tr>
<tr>
<td>Number of post-graduate fellowships for teachers</td>
<td>MCTESTP</td>
<td>Indicator not listed in original version of PQG 2015-2019</td>
<td>375</td>
<td>50</td>
<td>70</td>
<td>186</td>
<td>385</td>
<td>50</td>
</tr>
<tr>
<td>Number of post-graduate fellowships for researchers</td>
<td>MCTESTP</td>
<td>Indicator not listed in original version of PQG 2015-2019</td>
<td>993</td>
<td>20</td>
<td>180</td>
<td>135</td>
<td>577</td>
<td>100</td>
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</tbody>
</table>

TABLE 3  Education Sector Outcomes

<table>
<thead>
<tr>
<th>Primary Enrolment</th>
<th>2000</th>
<th>2005</th>
<th>2010</th>
<th>2014</th>
<th>Trend</th>
<th>SDG Target (2030)</th>
<th>Progress to date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mozambique</td>
<td>55%</td>
<td>72%</td>
<td>87%</td>
<td>88%</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>LIC</td>
<td>54%</td>
<td>69%</td>
<td>77%</td>
<td>80%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SSA</td>
<td>60%</td>
<td>69%</td>
<td>74%</td>
<td>78%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Completion</td>
<td>2000</td>
<td>2005</td>
<td>2010</td>
<td>2015</td>
<td>Trend</td>
<td>SDG Target (2030)</td>
<td>Progress to date</td>
</tr>
<tr>
<td>Mozambique</td>
<td>16%</td>
<td>40%</td>
<td>56%</td>
<td>48%</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>LIC</td>
<td>43%</td>
<td>54%</td>
<td>65%</td>
<td>66%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SSA</td>
<td>54%</td>
<td>61%</td>
<td>68%</td>
<td>69%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mozambique</td>
<td>2%</td>
<td>4%</td>
<td>12%</td>
<td>16%</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>LIC</td>
<td></td>
<td>21%</td>
<td>26%</td>
<td>29%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SSA</td>
<td>15%</td>
<td>20%</td>
<td>25%</td>
<td>27%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary Completion</td>
<td>2000</td>
<td>2005</td>
<td>2010</td>
<td>2015</td>
<td>Trend</td>
<td>SDG Target (2030)</td>
<td>Progress to date</td>
</tr>
<tr>
<td>Mozambique</td>
<td>4%</td>
<td>10%</td>
<td>20%</td>
<td>22%</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>LIC</td>
<td>22%</td>
<td>26%</td>
<td>34%</td>
<td>37%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SSA</td>
<td>28%</td>
<td>32%</td>
<td>39%</td>
<td>42%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: World Bank, World Development Indicators: Net enrolment rate, primary, both sexes (%); Net enrolment rate, secondary, both sexes (%); Primary school completion rate, total (% of relevant age group); Lower secondary completion rate, total (% of relevant age group); Gross enrolment ratio, tertiary (% net); Adult literacy rate, population 15+ years (%).

Note: LIC and SSA are averages for all Low-Income Countries and Sub-Sahara African Countries, respectively. Data was not available for all years.

How Equitable is the Education Budget?

Large differences in per student funding persist across provinces. Northern provinces of Zambezia, Nampula, and Teta are the least per-capita funded, while Maputo City receives the highest (see Figure 12A, B, & C). Both MINEDH’s Activities Plan (PdA) and State Budget data show that 2018 education allocations to provinces are unequal. According to PdA data (which disaggregates resources by education level), the 2018 per-primary student allocation is MT 171 in Zambezia, but MT 4,821 in Maputo City; and the per-secondary student allocation is MT 20 in Zambezia, but MT 6,940 in Maputo City. Based on data from the State Budget (which includes all Education Sector resources across all education levels), the 2018 per-student allocation is MT 4,166 in Zambezia but MT 7,298 in Maputo City. Much of this gap reflects the different size of the education system in various provinces. The sector should, thus, use investment resources to ensure proportional system sizes relative to the number of students to address the equality gap in per student funding.

FIGURE 12 A & B  Equity by spatial distribution

PdA Budget for Primary Education

PdA Budget for Secondary Education

Source: Author’s calculation from MINEDH PdA 2018 and LOE 2018

GLOSSARY OF BUDGET TERMS

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

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
WASH institution

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

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

Nominal/Current Values
Numbers not corrected for the effect of inflation

Real/Constant Values
Numbers corrected for inflation

ACRONYMS

b: Billion  MEF: Ministry of Economy and Finance
CGE: General State Account (Final Government
Expenditure Report)  MT: Mozambican Metical (Local Currency)
CUT: Single Treasury Account  O: State Budget
DPCT: Provincial Delegation for Science and
Technology  PdA: Activities Plan
DPEDH: Provincial Directorate of Education and
Human Development  PEE: Education Strategic Plan
DPEDH: Provincial Directorate of Education and
Human Development  PES: Economic and Social Plan
DPEDH: Provincial Directorate of Education and
Human Development  PPP: Purchasing Power Parity
DPEDH: Provincial Directorate of Education and
Human Development  PQG: Government Five-Year Plan
DPEDH: Provincial Directorate of Education and
Human Development  FASE: Education Common Fund
GBS: General Budget Support  REO: State Budget Execution Report
GDP: Gross Domestic Product  (Government Expenditure Update Report)
LIC: Low Income Country  SDEJT: District Services for Education, Youth, and
LOE: State Budget Law Technology
MCTESTP: Ministry of Science, Technology, Higher
Education, and Technical Professional
Training  SSA: Sub-Sahara Africa
MCTESTP: Ministry of Science, Technology, Higher
Education, and Technical Professional
Training  TVET: Technical Vocational Education and Training
MCTESTP: Ministry of Science, Technology, Higher
Education, and Technical Professional
Training  UEM: Eduardo Mondlane University
MCTESTP: Ministry of Science, Technology, Higher
Education, and Technical Professional
Training  US$: United States Dollar (Currency)
MCTESTP: Ministry of Science, Technology, Higher
Education, and Technical Professional
Training  UGB: Autonomous Budget Holder Code
MCTESTP: Ministry of Science, Technology, Higher
Education, and Technical Professional
Training

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