Country Background
With a population of 16.6 million, mostly rural and poor, subject to periodic drought and just emerging from nearly two decades of civil strife, Mozambique is generally regarded as one of the world’s greatest development challenges. Yet Mozambique has the potential to change from its present situation. There are substantial prospects for further economic development in the country if investment continues to flow towards economic opportunity. The potential returns to increased investment in human capital in Mozambique are enormous in terms of improvements in social welfare and as stimuli to economic growth. The relative low starting point of Mozambique, in terms of basic social indicators and access to and quality of social services, indicates that the marginal dollar, wisely spent, can yield high returns. Peacetime has made it possible for the Government to reestablish effective communication with the population in areas formerly cut off by the war and to collaborate with communities in the planning and implementation of programs intended to help them to improve their lives. Following the peace agreement in 1992 and the liberalization of the economy Mozambique has been experiencing rapid economic growth at about 5% annually over the past three years, peaking at 12.4% in 1997. The prospects for continued sustained economic growth are also good, given Mozambique’s relatively untapped natural resources in agriculture, energy, and tourism.

Sector Context
Despite these favorable circumstances long-term economic growth is threatened by the low level of education and skills of the population and Mozambique is facing a challenge of building capacity in all sectors and at all levels. In spite of the impressive progress made in the education sector over past years through a joint effort by communities, NGOs and through public intervention, the educational situation in Mozambique still bears the mark of a post-conflict country, where the initial thrust of the activities in the sector was focused on rebuilding the school infrastructure and meeting the demand for
school places. The sector is characterized by: (a) low quality of education throughout the system, due to a small teaching force that is not well trained, inefficient curricula in relation to rural children's socio-economic situation, lack of didactic and other basic school materials, and low internal efficiency; (b) low completion rates and low access to the system, particularly by girls and children living in rural areas; and (c) limited capacity to manage the system at both central and sub-national levels. At present, the gross admission rate at the primary level is about 80% (having declined from nearly 100% in 1981, but recovered from about 58.2% in 1992); gross enrollment is below 67% in primary and 3% in secondary, respectively, and repetition rates are about 1/4 at both levels. Less than 7% of the children entering the school system reach grade 6 without repeating. Less than 1% complete general education. In other words, few people attend school and of those who attend, few stay long enough to learn the basic skills needed in a modern economy. Within this generally picture of the system, there is a wide variance of performance, with the northern and central regions of the country exhibiting the highest variance. Likewise, the situation for girls shows a great deal of variance across regions. In 1997, girls accounted for about 41% of the nearly 1.9 million pupils enrolled in primary education, about 40% of the 45,000 students in lower secondary education, and about 36% of the 6,300 students in upper secondary. While girls' participation in education in urban areas in the southern region is satisfactory, there are important disadvantages for girls in the rural areas and in the northern and central regions, where girls participation in some provinces is less than 25% in primary education. The Government recognizes the immense challenge facing the sector as well as the importance of education to growth and long-term development, and in recent years, public resource allocation has accorded a higher priority to the sector.

Project Objectives
Giving expression to the Government's intentions to improve education in Mozambique, the Mozambique Assembly of the Republic (Parliament) approved the National Education Policy and Strategies for Implementation (NEPS) in 1995. The NEPS formed the basis of the Education Sector Strategic Plan, 1997-2001 (ESSP), prepared by the Government. The strategic plan was developed between 1995 and 1998 in collaboration with donors to the education sector in Mozambique and through consultations with NGOs, teachers, parent-teacher associations and the civil society at large.

The objective of the ESSP is to provide increased and equitable access to higher quality education and to improve the management of education for economic and social development in Mozambique. The ESSP is part of the NEPS, the goal of which is the "improvement of living conditions and the upgrading of technical and scientific level of workers in order to allow them to participate in the task of social-economic development and in the struggle for peace and national reconciliation" (Council of Ministers Resolution no. 8/95). The Program covers the period 1999-2003 and is in line with the Government's strategic plan for 1997-2001. The Education Sector Development Program (ESDP) constitutes the Government's program for the implementation of ESSP activities related to primarily basic education and with development components for other sub-sectors. The Government has already started implementing various components, so future investments would build on the foundations already laid. The Government has yet to finalize a revised strategic framework for the development of technical and vocational education, adult literacy and higher education, sub-sectors already supported by donors.
under on-going projects. Once ESDP is approved, the Government, donors and
other cooperating partners will discuss specific plans for the development and
integration of these subsectors into the Program. It is expected that
implementation of these plans will complement the implementation of the ESDP.

As an integral part of the Government’s plan for the sector, the Program will
be financed by the Government, non-public resources and donors, including IDA,
and with broad support from civil society, parent-teacher associations and
NGOs. Public spending on education recurrent expenditures are planned to
increase by about 10% per year, and future increases in its share will be
consistent with the medium-term expenditure framework.

Project Description
Through the coordination of all major donors and the Government, the Program,
which encompasses all education activities in the Ministry of Education
(MINED), will finance a five year time-slice of the Program. The program will
address the following major areas: (a) Improvement of quality of education, by
(i) training an increased and better qualified number of teachers, (ii)
providing pedagogical support for teachers through the ZIPS and distance
education, (iii) revising the curriculum, (iv) increasing the supply of
learning materials and other classroom materials, (v) strengthening student
assessment and examinations, and (vi) providing direct support to schools; (b)
Expand access to education and improve equity in the distribution of school
places, by (i) constructing and rehabilitating schools and classrooms,
including the support to be given under the Community School Program further
involving communities, NGOs and local artisans, (ii) introducing initiatives
to promote girls’ education, (iii) developing nonformal education, (iv)
piloting programs for special education, and (v) encouraging nonpublic
 provision of education; and finally (c) Strengthen the institutional capacity,
within the framework of the Government’s Civil Service Reform Program, by (i)
strengthening the organizational and management structure and supporting
decentralization, (ii) developing MINED’s policy and planning capacity,
including information systems, and (iii) building MINED’s financial management
capabilities.

The Program seeks to achieve the following outcomes:

- Improved quality of general primary and secondary education, resulting in
  better student academic achievement and improved internal efficiency by
  reducing repetition and drop-out rates.

- Expanded and more equitable access, including higher enrollment rates in
  upper primary and secondary education, mainly in rural areas, with special
  emphasis on enhancing the participation of girls and populations living in
  underserved regions or districts.

- Strengthened institutional capacity of the Ministry of Education (MINED),
  including increased decentralization of responsibilities and resources to
  provincial and district offices.

- A strategy for responsive technical and vocational education, adult
  literacy and higher education, allowing those subsectors to be redirected and
  subsequently further integrated into the Government’s program.

Project Financing
The Program is designed to finance a five year time-slice of the estimated US $674 million dollar plan, with the lion share of the Program targeted at basic education. Financing for the first three years of the Program is based on firmer commitments, whereas the last two years have only partial funding to-date. Under the Program, the Government will contribute approximately US$424 million, of which some US$380 million is recurrent expenditures. An increasing share of funding might come from household financing that is currently being studied. All major donors operating in the sector, in association, have committed to finance an estimated sum of about US$ 250 million (IDA included). The amount of prepared IDA financing, US$60 million, is based on the financing commitments of Government and the level of anticipated non-IDA donors’ financing. The financing requirements will be reviewed annually under the framework of the rolling medium term expenditure framework and the joint annual review meetings.

Project Implementation

Historically, parents, teachers, NGOs and the civil society have played an important role in the development and expansion of the Mozambique education system. To succeed in improving the education system, the Government will continue to support and collaborate with these groups in the implementation of the Program.

The principle to be followed in the implementation of this Program is that no new implementation institutions would be created and that, instead, the existing institutions of MINED would be strengthened to meet the implementation challenge. Overall, coordination would be provided by an internal Technical Committee (TC) chaired by the Vice-minister, a Financial Management Committee, and an external Steering Committee (COPA) chaired by the Minister and with representatives from the Ministry of Planning and Finance, Ministry of Public Administration and cooperating partners. The COPA, the TC and the existing coordinating and advisory body of MINED will be responsible for policy guidance. Implementation arrangements have been designed to jointly accommodate all donor agencies. Appropriate terms of reference will be established to monitor implementation and harmonize donor involvement in implementing the Program. However, MINED will be responsible for implementation of the Program.

MINED’s line directorates will be responsible for day-to-day coordination and implementation of activities for which they have primary responsibility. These directorates/agencies of MINED will be strengthened to improve their ability to plan, monitor and supervise implementation of the Program, as well as to provide technical support to provinces and districts, especially in their function of monitoring and supervising community/NGO classroom construction and rehabilitation. They will ensure that line departments and provincial and district offices of the Ministry receive the necessary guidance and resources to implement the programs and that they meet the reporting, financial and auditing requirements. MINED’s Financial and Administrative Department (DAF) will be substantially strengthened under the Government’s proposed framework for a Financial Management System. Donor agencies support the gradual transfer of funds to MINED through budget support as its financial management capacities improve. Donors have agreed to move toward joint audits and program supervision under the SWAp, which should reduce the number of donor missions and help change the focus of assistance and Government/donor planning towards sector strategies rather than segmented projects.
Program monitoring and evaluation (M&E) arrangements.
The Program will strengthen the existing M&E system. Monitoring procedures will focus on progress and impact of the MINED's Program, measured against specific targets and actions set in the five year rolling Program. Each national unit and provincial and district offices will be responsible for regularly compiling information on implementation, including data on monitoring indicators. Detailed implementation plans will be reviewed and revised each year throughout the Program life. Special studies on difficult issues or problems specific to certain areas will be commissioned and implemented by the various units, with consultant help where appropriate.

Project Sustainability
Sustainability in the Mozambican context does not mean phasing out donor support; it rather requires a realistic assessment of Government, beneficiaries, and donor contributions and of the most appropriate sharing formula for financing. Long term sustainability would be promoted by introducing cost recovery for some education inputs and by reducing duplication of technical assistance through the establishment of a more integrated system. Broad Government commitment to the NEPS was sought early on by MINED at the cabinet level. As the strategy is translated into a program, MINED is now seeking validation of the Program by all stakeholders in education. The Bank will be seeking assurances from the Ministry of Planning and Finance regarding financial commitments to the sector. However, it is the commitment derived from the consensus of stakeholders around the strategy and Program that provides the most solid basis for Government commitment and ownership.

Lessons Learned from Past Operations in the Country/Sector
The design of the proposed Program has benefited greatly from the experience of programs with a sector wide approach, like the Health Sector Recovery Program (HSRP) and PROAGRI. The preparation of the HSRP and PROAGRI underscored the importance of Government developing a comprehensive and coherent policy framework or strategy for the sector that provides the basis for all donor intervention. Such a strategy must reflect consensus among the various stakeholders in the sector. Major donors must also agree to accept standard implementation arrangements. This might take the form of pooling agreements in particular areas of operation or simply coordinated/delegated arrangements for monitoring, reporting, auditing, etc. The greater the share of the sector covered by such agreements, the greater the chance of success in the overall Program. In the education sector such a strategy exists and continuing consultations with the cooperating partners to the sector have build an increased degree of consensus. Furthermore, the Program has drawn on the lessons from the Second Education project and the completed Health and Nutrition project. The experience pointed to two significant lessons: (a) the importance of building national institutional capacity, particularly in the area of financial management and procurement, (b) design the Program in a flexible manner to permit a greater responsiveness to borrowers needs and to the changing national situation. The proposed Program, has placed critical importance on building ownership and setting up the organizational structure for implementation as well as developing supporting systems. The Program will be revised annually to accommodate required changes.

Poverty Category
The Program is a poverty-targeted intervention. Greater equity in education opportunities, will result in a reduction in imbalances in economic
opportunities between the south and other regions of the country. Approximately 3/4 of the classroom construction program is concentrated in under-served provinces and about 80% in the rural areas. Girls will be especially favored by the regional focus of the Program, since discrimination against girls participation in education is concentrated in the central and northern provinces.

Environmental Aspects
There are no environmental risks foreseen in this Program. The Program is being proposed to be classified as category C.

Program Objective Category
Human resources development is at the core of the poverty reduction strategy for Mozambique. The education sector strategy proposed for funding under this Program focuses on rural services provision, and basic education, which typically target the poor. There is a special focus on girls' education. The Program aims to reconstruct the rural education network, particularly in districts heavily affected by the war.

Benefits
The main benefits of the Program will be expanded access to education, an improved quality of the education services rendered and an improved capacity of the Mozambican Government to manage and implement its education programs. The main beneficiaries of this improved delivery of education services will be children as primary beneficiaries, but also adults and groups that have been under-served will benefit greatly. MINED staff, school directors and teachers are expected to benefit from the improvement in working conditions and incentives, training and an expansion in the level of autonomy and responsibility to which the Program will contribute. The Program will generate important external benefits to the economy as the skills base will improve and widen, labor productivity will increase and basic health indicators such a child mortality rates, maternal mortality, malnutrition levels etc. will improve.

Risks
The two main risks of the Program are that immediate fiscal requirements might prevent the Government from increasing education expenditures as planned and that program outputs might be too ambitious relative to capacity. On the first issue, the Government will spell out its budgetary framework under the rolling medium term expenditure framework allowing for sufficient time to respond to changes in the financing requirements. Furthermore, the Government intends to develop a broad range of financing options with a view of making the Program less vulnerable to changes in external or internal funding. On the second issue, to mitigate the HR constraints at central, provincial and district levels, the Government will expand training activities of staff, reform management systems, strengthen line units, and increase participation of the private sector in management and direct provision of services. Gradual decentralization of planning and implementation will facilitate achievement of targets through greater ownership and better links. In order to assure Program successful implementation, from the start, MINED has taken a strong leadership role and ownership of the Program.

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Note: This is information on an evolving project. Certain activities and/or components may not be included in the final project.

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