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# BUDGET BRIEF 2017: EDUCATION

## Key Messages:

- The Education Sector was allocated MT 48.3 billion in the 2017 State Budget. Compared to 2016, this represents an increase in nominal terms, but a decrease in real terms, and a reduction as a share of both total government spending and GDP.
- Mozambique has spent more on education as a share of total government spending and GDP compared to the average of low income and Sub-Saharan African countries for at least the past nine years; however, on a per student basis, it spends much less. Over the same nine-year period, the country has demonstrated significantly worse enrolment and completion rates than that of its income and regional peers, with the exception of primary enrolment.
- As the volume of donor-provided resources to the Education Sector continues to decline, the ratio of investment to recurrent spending continues to fall. Despite this decline, investment spending in the sector is still dominated by donors. As the number of students continues to grow, it will be important for the government to ensure sufficient internal resources are directed to sector investment priorities in order to maintain a healthy balance between investment and recurrent spending.
- Mozambique demonstrated improvements in the primary and secondary enrolment and completion rates from 2000 through 2010; however, since 2010, results have either plateaued or decreased. To reverse this recent trend, it is necessary and urgent for the Education Sector to address the biggest obstacles such as absenteeism and low teacher capacity.
- The Education Sector habitually executes its budget at a higher rate than the State Budget average; yet, the sector's aggregate execution rate of 92 percent would be higher if not for the low 71 percent average rate for external investment. Incomplete and tardy disbursements, along with non-reporting of off-CUT funding, are responsible for this. For improved sector management, it is essential for donors to fulfill their stated commitments in a timely manner and with proper reporting.
- For what Mozambique spends on a per student basis, the country demonstrates rather poor enrolment and completion outcomes, with the exception of primary enrolment. Nonetheless, empirical evidence for Mozambique and other countries suggests that increases in effective spending per student can lead to improvements in enrolment and completion rates. It is, therefore, important for the government and the country's donors to recognize the potential return-on-investment for boosted per student spending relative to spending in other sectors.
- Education budgeting and spending is far from equitable, whether based on spatial distribution, income, or gender. Regarding geography, Zambézia province has customarily received half the per-student, sub-national allocation of the highest funded province; regarding income, students from the poorest households make up the smallest share of students and, by default, benefit less from education spending; and regarding gender, males make up a greater proportion of students across all education levels. It is essential that the sector better target resources to ensure equal access and opportunity in the country's education system.

**Please note:** UNICEF does not have access to e-SISTAFE; therefore, all analysis was carried out with publicly available information. Where limitations were encountered, notes are made in the text. Additionally, the 2017 Education Budget and Expenditure Brief was prepared with the aid of MINEDH's "2017 Programa de Actividades" (PdA). There are some minor discrepancies between the totals presented in past Budget Briefs and those presented in the 2017 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. The viewpoints expressed in the brief are those of the author and do not necessarily represent those of UNICEF Mozambique.



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## Background

**The 2017 State Budget and Economic and Social Plan were approved by Parliament on December 9, 2016 and entered into force on January 1, 2017.** The Economic and Social Plan and The State Budget (PES and OE, by its Portuguese acronyms) were promulgated by President Felipe Nyusi on December 20, 2016, then published as Law 10/2016 and Resolution 25/2016, respectively, on December 30, 2016.

**The 2017 State Budget is worth MT 272.3 billion (US\$ 3.86 billion)<sup>1</sup>; this represents an increase, in both nominal and real terms, relative to the 2016 State Budget and 2016 total government spending. The budget deficit amounts to an expected 10.7 percent.** In nominal terms, the 2017 State Budget embodies a 12 percent increase relative to the 2016 State Budget and a 30 percent increase relative to the executed value of the 2016 State Budget.<sup>2</sup> In real term, the 2017 budget is a 1 percent increase compared to last year's budget and an 18 percent increase compared to last year's

expenditure. In fact, in nominal terms, the 2017 State Budget is the largest on record; however, in real terms, it is the third largest following the 2014 revised State Budget and the 2015 State Budget.<sup>3</sup> The nominal increase observed in the 2017 State Budget reflects the planned spending increases on debt servicing and financial operations.

These increases, in fact, are due to the country's now greater debt burden, devaluation of its currency, and increased inflation<sup>4</sup>. This contributes to an anticipated 10.7 percent budget deficit, which the country will finance through additional borrowing.<sup>5</sup> Nevertheless, the government is implementing certain austerity measures, including: limitations on new hires outside of the education, health, and agriculture sectors; spending restrictions on gasoline, travel, and personal communication; and postponement of new investment projects not initiated in 2016<sup>6</sup>.

**The 2017 budget for priority Economic and Social Sectors (which includes the Education Sector) increased in both nominal and real terms and as a share of the entire State Budget.** In nominal terms, the allocation to priority Economic and Social Sectors, as defined by the Government's Five-Year Plan (PQG) and the PES, increased 18 percent relative to the allocation in the 2016 revised State Budget and 43 percent relative to the executed value of the priority sectors in 2016; however, in real terms, the increases were 7 and 30 percent, respectively. The share occupied by the priority sectors (as a percentage of the State Budget) increased from a 50 percent budgeted share in 2016 to a 53 percent budgeted share in 2017; nevertheless, the 2017 share is much lower than the historical high in 2012 and 2013 when spending on priority sectors represented 62 percent of total government spending. It is important to note here that the Government of Mozambique employs an alternative methodology when calculating priority sector shares of budgeting and expenditure: instead of using the entire State Budget or total expenditure as the denominator in the calculation, it deducts debt servicing and financial operations from the total. The result is a larger share. Using the Government's methodology, priority sectors represent 69 percent of the 2017 State Budget.

1) This report uses the exchange rate: US\$ 1 = MT 70.45 since this was the average exchange rate for 2017 at the time of publication.

2) Please note that at the time of publication, the CGE 2016 has yet to be released. For this reason, all expenditure references in the remainder of this brief, for the 2016 fiscal year, rely on the execution figures as documented in the REO IV 2016.

3) Author's calculation based on expected 2017 inflation rate of 15.5 percent. LOE 2017, *Documento da Fundamentação*, page 11.

4) (i) Mozambique's Debt-to-GDP ratio grew from 40 percent of GDP in 2012 to 73 percent of GDP in 2015 to 130 percent of GDP by the end of 2016. (ii) Inflation increased from 4 percent in 2015 to 25 percent by the end of 2016, and is expected to increase by 15.5 percent by the end of 2017. (iii) The Mozambique Metical depreciated from US\$ 1 = MT 48 in January 2016 to US\$ 1 = MT 71 in January 2017. Sources: (i) World Bank, "Mozambique Economic Update", December 2016. (ii) World Bank, World Development Indicators. (iii) Instituto Nacional de Estatísticas, February 2017.

5) LOE 2017. *Documento da Fundamentação*. Page 34.

6) MEF. Circular No.1/GAB-MEF/2017. "Administração e Execução do Orçamento do Estado para 2017".



## 1. How is the Education Sector Defined?

The Education Sector has two components: “General Education,” which mainly concerns primary and secondary education, and “Higher Education,” which mainly concerns tertiary education together with technical vocational education and training. The Education Sector, as defined by the National Directorate of Planning and Budget (DNPO) and organized in the State Budgets (LOEs), Budget Execution Reports (REOs) and General State Accounts (CGEs)<sup>7</sup>, 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 concerns all education institutions with an Autonomous Budget Holder Code (UGB) of 50. “General Education” attends to primary and secondary education as well as distance education, scholarships, and libraries, among other areas. “Higher Education”, on the other hand, is administered by the Ministry of Science, Technology, “Higher Education”, and Technical Professional Training (MCTESTP) and concerns education institutions with a UGB of 52. “Higher Education” attends to the nation’s universities, higher-learning institutes, teacher colleges, as well as technical vocational education and training (TVET).

**The Education Sector is managed at the central, provincial, and district levels of government; but not at the municipal level<sup>8</sup>.** 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 Directorate of Education and Human Development (DPEDH) and Provincial Delegation for Science and Technology (DPCT); and at the district level it is managed by the respective District Service for Education, Youth, and Technology (SDEJT).

**In 2017, the Education Sector added a total of seven new autonomous budget holders to its sector composition: two at the central level, four at the provincial level, and one at the district level.** The two entities added at the central level are the Eduardo Mondlane University’s (UEM) Engineering School and Mozambican Historical Archive. The budgets for the two new budget holders were deconcentrated from UEM’s aggregate budget. The four institutions added at the provincial level include: the Provincial Delegation for the School of Journalism in Manica, the School of Rural Development in Vilankulo (Inhambane), the School of Hoteling and Tourism in Inhambane, and the School of Business and



Entrepreneurialism in Chibuto (Gaza). These four institutions are previous budget holders; however, for the first time are included in the Education Sector’s institutional composition. Finally, the one entity added at the district level is the Matola SDEJT, which brings the total number of SDEJTs in the 2017 education budget to 151.

**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)<sup>9</sup>. 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<sup>10</sup>. 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.”

## 2. What Trends Emerge from the

7) 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*).

8) It is worth mentioning that discussions are ongoing to transfer management of primary education to the municipalities in accordance with *Decreto 33/2006*.

9) The PEE implementation period was initially 2012-2016; however, in 2016, the implementation period was extended through 2019.

10) MINEDH. Education Strategic Plan (PEE) 2012-2016. Page 35.

# 48.3

billion MT is the amount allocated to the Education sector in the 2017 State Budget. This represents 17.7 per cent of the State Budget.



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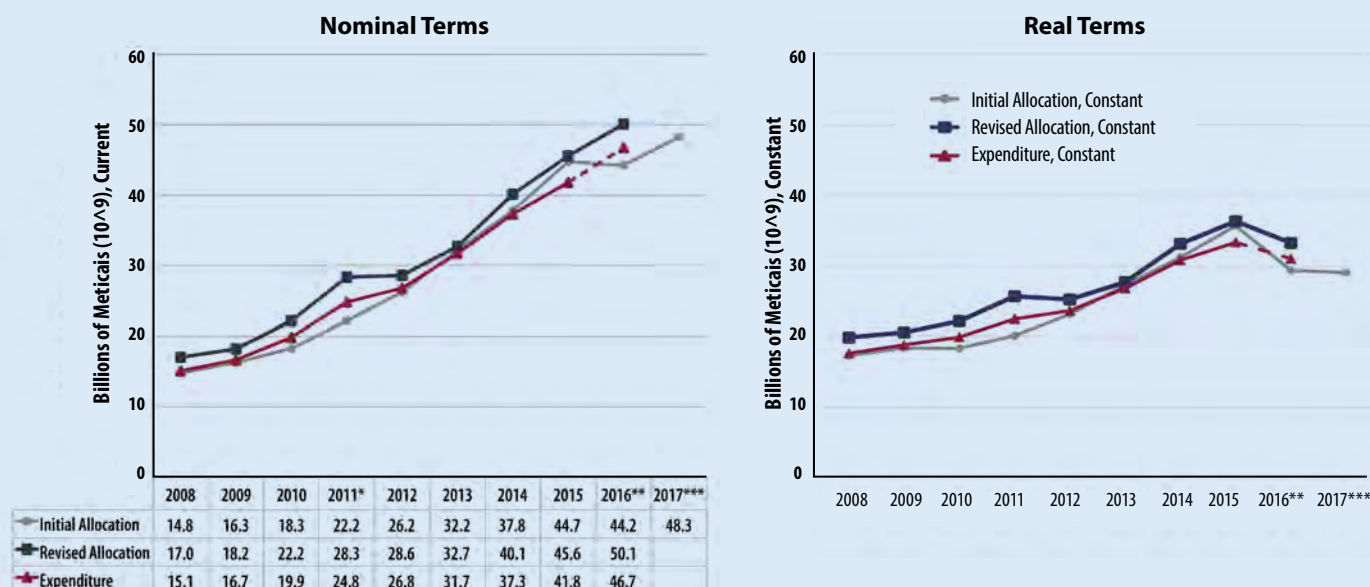
## Education Budget?

The Education Sector was allocated MT 48.3 billion (US\$ 685.4 million) in the 2017 State Budget. This represents an increase in nominal terms, but a decrease in real terms,

relative to the sector's budget and expenditure in 2016 (see Figure #1). In nominal terms, the 2017 Education Sector budget shows a 9 percent increase relative to last year's revised Education Sector budget and a 3 percent increase relative to last year's sector spending. In real terms, the initial allocation to the sector represents a slight 1 percent decrease relative to sector's revised 2016 budget and a 6 percent decrease compared to expenditure. On a historical basis, the 2017 initial allocation to the sector is the largest-ever nominal allocation, but fourth-largest real allocation after 2015, 2014, and 2016, in descending order.

After several years of steady decrease in the Education Sector's share of total government spending, the sector recuperated and, then, exceeded its prior shares in 2015 and 2016 (see Figure #2A). Between 2008 and 2014, the share of Education Sector spending decreased from a 21.7 percent share in 2008 to a 16.4 percent share in 2014; then, in 2015 and 2016, the sector registered a 20.9 and 22.4 percent share, respectively. It is again important to

**FIGURE 1 A & B** Education Sector budgeting and expenditure



**Source:** Author's calculations from the CGE 2008-2015, REO IV 2016, LOE 2017. World Bank, World Development Indicators: Consumer Price Index (2010 = 100). Inflation adjusted data point for 2016 based on INE, "Índice de Preços no Consumidor, Dezembro de 2016" and data point for 2017 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 2016 public expenditures account has yet to be finalized; in this regard, it is possible the expenditure total is slightly larger than shown. (\*\*\*) While years 2008-2016 display expenditure figures, 2017 is the initial budget allocation.

note here that the Government of Mozambique employs a different methodology to calculate sector shares (see Background). Utilizing the Government's methodology of not including debt servicing and financial operations in the total expenditure denominator, the sector registered a 23.5 percent to 18.6 percent decrease from 2008 and 2014, and then a 24.0 percent to 27.3 percent increase in 2015 and 2016.

**As a share of Gross Domestic Product, the Education Sector has increased slightly over the past several years** (see Figure #2B). Between 2008 and 2014, the growth in the volume of the Education Sector has slightly outpaced growth in the country's economy having risen as a ratio of Gross Domestic Product (GDP) from 5.4 percent in 2008 to 7.0 percent in 2014. In 2015 and 2016, the share held steady at 7 percent. While growth in education slightly overtakes growth in GDP, it has been outpaced, as evidenced above, by growth in overall government expenditure.

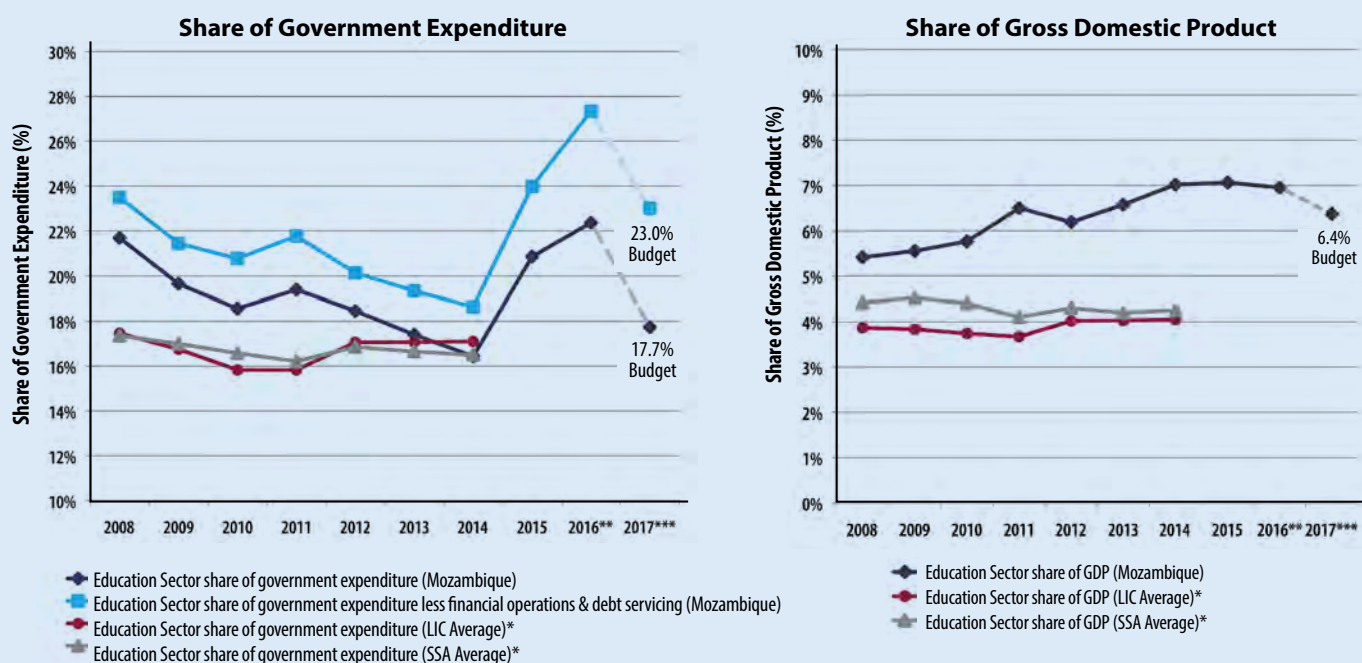
**However, Education's share of government spending and GDP is budgeted to decrease considerably in 2017** (see Figure #2). After a nine-year high in 2016, the Education Sector in 2017 is budgeted to decrease as a share size to 17.7 percent. While this is a considerable decrease, it is worth mentioning that the 2016 budgeted share was 18.2 percent

and then the 2016 executed share was 22.4 percent; therefore, it is possible that over the course of the 2017 fiscal year, the revised allocation and, ultimately, expenditure will represent a larger share. Utilizing the Government's methodology, the 2017 budgeted share is 23.0 percent. In terms of share size of GDP, the Education Sector in 2017 is budgeted to decrease from a 7.0 percent share to 6.4 percent.

**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 Countries.** Compared to both its income and regional peers, Mozambique has executed, on average, a higher share of education resources, relative to total public spending and GDP, between 2008 and 2016. Relative to total government spending, in specific, Mozambique has averaged a 19.4 percent share since 2008 (or 21.9 percent share for the Government's methodology), while both low income countries (LIC) and Sub-Saharan 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. This report later discusses the outcomes correlated with these expenditure shares in Section 8.

**FIGURE 2 A & B**

### Trends in the weight of the Education Sector relative to total government spending and GDP



**Source:** Author's calculations from the CGE 2008-2015; REO IV 2016; LOE 2017. 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-Saharan African Countries for which data is available. (\*\*) At the time of writing, the 2016 public expenditures account has yet to be finalized; in this regard, it is possible the expenditure total is slightly larger than shown. (\*\*\*) The 2017 shares are initial budget allocations while the 2008-2016 shares are expenditure.



### 3. Where do Education Sector Resources Come From?

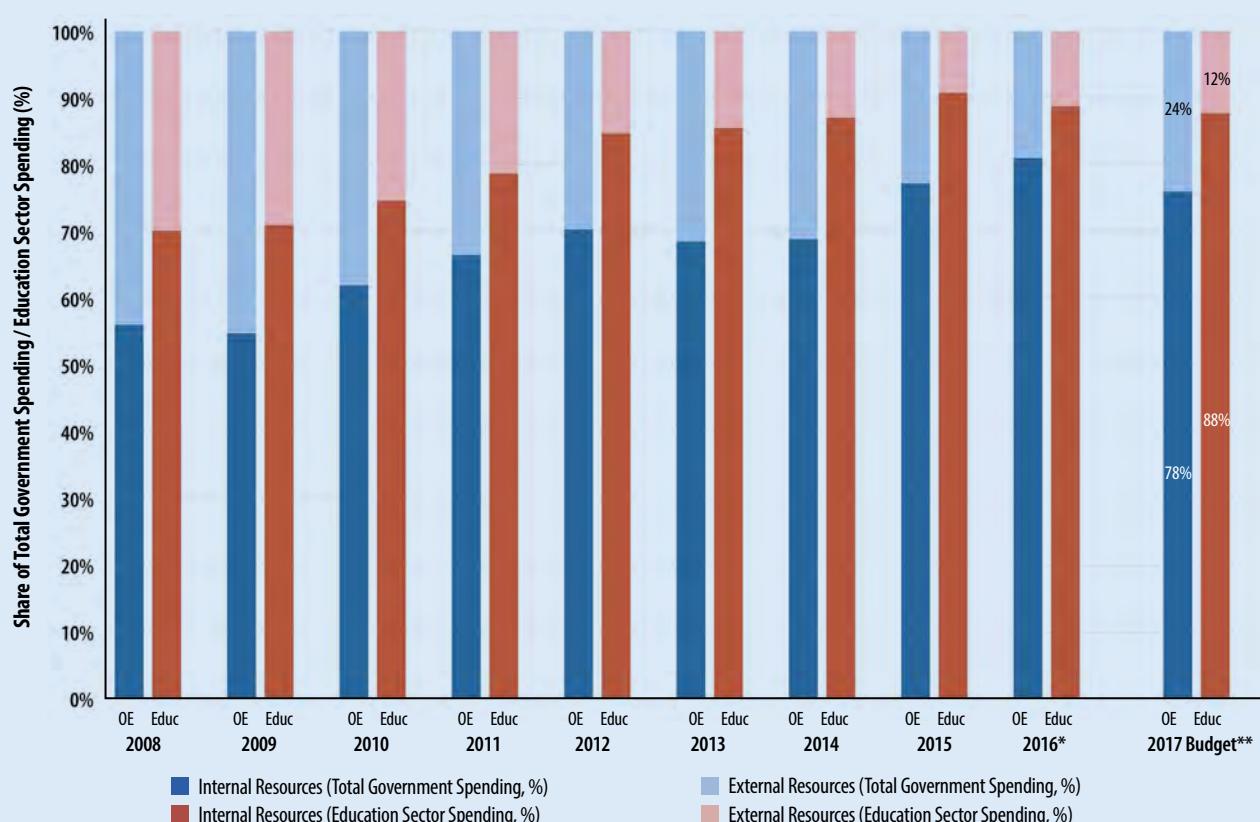
The Education Sector in Mozambique is financed with both internal and external resources. Internal resources are collected through taxes, tariffs, duties, and internal credits, and have been, up until 2015, complemented by General Budget Support (GBS), which is un-earmarked development aid to the Mozambican Government from a group of development partners. External resources, on the other hand, comprise non-GBS foreign aid, donations, and external credits.

External resources applied to 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 single treasury account (CUT), follow government procurement policy, but require external audit. On the other hand, bilateral project funds are –in theory– coordinated between the donor and MINEDH 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 of the greatest challenges for MINEDH, and for budget/expenditure analysis in the sector, is the inconsistent reporting by donors of their budgeting and expenditure on bilateral projects that are Off-CUT and Off-Budget.

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).

**FIGURE 3** Provision of internal versus external resources



**Source:** Author's calculations from the CGE 2008-2015; REO IV 2016; LOE 2017: Quadro "Equilíbrio Orçamental".

**Note:** Shares were calculated out of the entire State Budget, including financial operations and debt servicing. "OE" refers to internal/external proportion of State Budget and "Educ" refers to internal/external proportion of education expenditure. The education portion represents the entire Education Sector (i.e. General Education and Higher Education). (\*) At the time of writing, the 2016 public expenditures account has yet to be finalized; in this regard, it is possible the expenditure total is slightly larger than shown. (\*\*) The 2017 shares are initial budget allocations while the 2008-2016 shares are expenditure.

### 3.1 Internally- versus Externally-sourced Resources

**General Budget Support, despite being a consistent source of financing for priority sectors –including education– over the years, was suspended in 2016 and remains suspended.** Whereas Mozambique's development partners committed MT 11.9 billion (b) in direct support to the State Budget in 2016, their support was later suspended in response to the country's secret loan scandal. This suspension has continued into 2017<sup>11</sup>.

**Mozambique has steadily increased the share of funding with own resources to the Education Sector. The portion of internal resources increased from a 70 percent share in 2008 to an 89 percent share in 2016 (see Figure #3).** In 2017, the ratio of internal-to-external resources is budgeted at 88 percent internal to 12 percent external<sup>12</sup>. Interestingly, the internal share in 2017 would be higher if not for the Metical's depreciation vis-à-vis the currencies of the country's main donors (i.e. A US\$ 1 donation in January 2016 was worth MT 48, but in January 2017 was worth MT 71; thus, although donors contribute less in their own currency, it is more in MT than previous years due to exchange rate depreciation). In nominal terms, the ratio grew from MT 10.6 b internal to MT 4.5 b external in 2008 to MT 41 b internal to MT 5.3 b external in 2016. In real terms, the internal contribution grew 120 percent from 2008 to 2016, whereas, the external contribution fell 30 percent over the same period.

**The share of internal funding to the Education Sector is greater than the share of internal funding of the State Budget.** In 2017, the Education Sector's 88 percent internal to 12 percent external ratio is greater than the State Budget's 76 percent internal to 24 percent external share. On average, the share of internal funding to education has been 14 percent greater on an annual basis than the share of funding to the entire State Budget; this gap, however, has been narrowing in recent years as the growth in the share of internal funding to the State Budget has outpaced the growth in the share of internal funding to education.



Photo: ©UNICEF/Mozambique

### 3.2 Education Sector Support Fund (FASE)

**MINEDH expects US\$ 121 million in FASE resources in 2017<sup>13</sup>; however, this is conditional on the discontinuation of the suspension placed on FASE disbursements in 2016 by donors.** Similar to GBS, FASE disbursements by donors were suspended in 2016, resulting in US\$ 35 m left undisbursed. Converted to Meticals, the expected 2017 FASE resources are equal to roughly MT 8.5 b, which would be more than double the amount of FASE funds executed in 2016<sup>14</sup>. The larger envelope of resources for 2017 can be explained by the application of US\$ 30 m in unexpended credit from 2016, which comes as a result of late disbursements and delays in implementing the 2016 education Activities Plan. The 2017 amount also includes "results based funding" of approximately US\$ 24 m from Germany, the Global Partnership for Education, and from the World Bank, for the sector having achieved certain 2016 goals<sup>15</sup>. Possible 2017 FASE funding will be applied to (in order of funding weight): construction of new classrooms, school books, school grants (ADE), teacher training, equipment, school supervision, institutional development, adult literacy, school benches, school feeding programs, and HIV/AIDS activities, among others.

11) See: LOE 2016 Revisto. *Documento da Fundamentação*. Page 18. LOE 2017. *Documento da Fundamentação*. Page 20.

12) Again, it is important to mention that prior to 2017 the internal component included some external financing through GBS. As mentioned above, in 2017, this is no longer the case; therefore, the 2017 internal share is nearly on par with the highest share of 91 percent observed in 2015. It is also important to note that at the time of the release of the 2017 LOE not all education donors had finalized their commitments to FASE; therefore, the external share will be larger once all FASE commitments are finalized.

13) Please note that this is an updated, larger FASE total different from the FASE total listed in the 2017 LOE.

14) Please note: According to MINEDH, *PdA 2017, Versão GCC\_A*, total commitments to FASE in 2017 are worth US\$ 121 m (see page 15); however, in the same document are elsewhere listed as being worth just MT 4.2 b (see page 8). Also, executed FASE funding in 2016 was equal to MT 3.7 b (see REO IV 2016, *Documento da Fundamentação*).

15) See MINEDH, *PdA 2017, Versão GCC\_A*, Page 16. Germany is expected to contribute US\$ 8 m, GPE US\$ 7 m, and WB US\$ 9 m in bonus funding.



## 4. How are Education Sector Resources Spent?

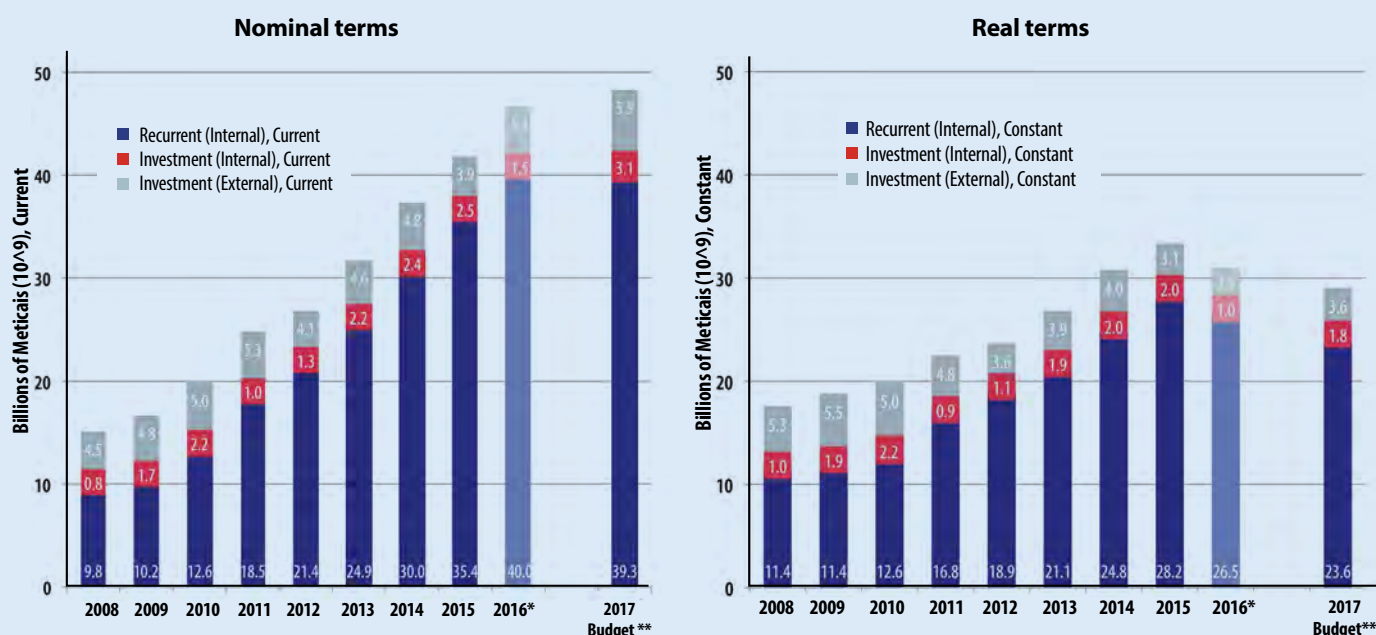
The Ministry of Economy and Finance releases initial funds (*dotação inicial*) via the CUT to each autonomous budget-holding education institution and subsequently updates the allocation based on budget execution rates and available resources (*dotação atualizada*). The institutions track spending (*execução*) 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 2017 education budget will be spent can be analyzed from the following four perspectives:

### 4.1 Recurrent versus Investment Spending

The State Budget divides education expenditures into two categories: Recurrent and Investment. Recurrent describes spending on salaries/remunerations, goods and services, operating costs, transfers, and financial operations. Investment (i.e. capital expenditure) describes spending aimed at improving the Sector's longer-term productivity and efficiency (i.e. construction of schools, libraries, additional classrooms, etc). Recurrent expenditure is exclusively financed through internal resources, whereas investment is both funded internally and externally. However, it is necessary to point out that 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 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.

**Recurrent expenditure has steadily increased in both nominal and real terms and as a share of total education expenditure. The declining share of investment in the sector is mainly due to the decreasing real value of investment funding provided by donors** (see Figure #4). As recurrent expenditure has grown, investment's share of total sector expenditure has decreased from a 35 percent share in 2008 to a 14 percent share in 2016. In the 2017 education budget, around 80 percent of resources will be devoted to recurrent and 20 percent to investment.

**FIGURE 4 A & B** Recurrent versus investment resources



**Source:** Author's calculations from the CGE 2008-2015, REO IV 2016, LOE 2017. World Bank, World Development Indicators: Consumer Price Index (2010 = 100). Inflation adjusted data point for 2016 based on INE, "Índice de Preços no Consumidor, Dezembro de 2016" and data point for 2017 based on LOE 2017 Documento da Fundamentação.

**Note:** Figures represent entire Education Sector (i.e. General Education and Higher Education). (\*) At the time of writing, the 2016 public expenditures account has yet to be finalized; in this regard, it is possible the expenditure total is slightly larger than shown. (\*\*) The 2017 figures are initial budget allocations and not expenditure.



When considering just internal resources –those that the Government solely controls– 93 percent are allocated to recurrent and 7 percent to investment in 2017. Investment's decreasing share is due to the declining real value of investment resources provided by donors, which, in fact, has decreased by 34 percent, in real terms, between 2008 and 2016. The strong growth in recurrent expenditure over the years is primarily driven by spending on personnel; yet, it has had a minimal impact on the student-to-teacher ratio, which has only decreased from 62.9 students to 1 teacher in 2011 to just 61.7:1 in 2016<sup>16</sup>. In 2017, the sector expects to contract 8,106 new teachers<sup>17</sup>. The Education Sector's recurrent-to-investment ratio is far from the often referenced 70:30 rule. Low relative spending on investment can mean the construction and renovation of education infrastructure and provision of learning materials fail to keep pace with the growth in student enrolment and retention. As donors provide fewer resources to education, it will be important for the sector to maintain investment spending.

**Donors provide the largest share of resources spent on investment. However, the share of domestically sourced investment has increased in recent years; again, this is due to the decreasing support to the sector by donors.** In 2008, donors were responsible for providing 85 percent of investment spending on education, but only 60 percent in 2015<sup>18</sup> (although 78 percent in 2016). In 2017, donors have committed to provide 66 percent of investment resources. Overall, donors provided 30 percent of total education resources in 2008, just 11 percent in 2016, and a budgeted 12 percent in 2017. In fact, the share of total education resources and share of education investment provided by donors would be even smaller if not for the appreciation of donor currencies vis-à-vis the *Metical* (i.e. 1 unit of donor currency provides more than double the amount of Meticals in 2017 than in 2008).

## 4.2 Resource Use by Economic Classifier

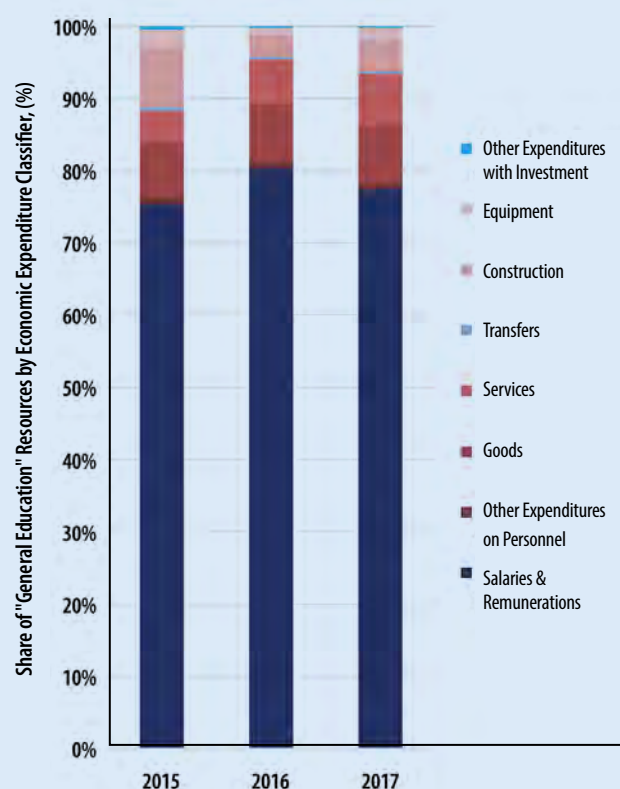
**The overwhelming majority of resources devoted to education are utilized on salaries and other remunerations** (see Figure #5). In 2017, salaries and remunerations represent a budgeted 77 percent of the "General Education" segment of education resources, goods represent 8 percent, services represent 7 percent, construction represents 4 percent, and

# 31.1

Billion MT are reserved for salaries and other remuneration. This represents 77% of the budget reserved for General Education in 2017.

equipment represents 2 percent, among other entries. Salaries and other remunerations grew 17 percent between 2015 and 2017, in nominal terms, from MT 26.6 b to a budgeted MT 31.1 b. This corresponds to a 75 percent share of "General Education" resources in 2015, an 80 percent share in 2016, and a budgeted 77 percent share in 2017.

**FIGURE 5** Resource shares by economic classification



**Source:** Author's compilation from MINEDH, PdA 2016, Versão GCC\_A, Page 7 and PdA 2017, Versão GCC\_A, Page 9.

**Note:** Shares are based on solely the "General Education" segment of the Education Sector budget. All shares presented for 2015-2017 represent budgeted shares and not expenditure and Educ refers to internal/external proportion of education expenditure. (\*) At the time of writing, the 2016 public expenditures account has yet to be finalized; in this regard, it is possible the expenditure total is slightly larger than shown. (\*\*) The 2017 shares are initial budget allocations while the 2008-2016 shares are expenditure.

16) MEF. *Balanço do PES 2016*. Page 61.

17) It is worth mentioning that the PES mentions the sector expects to add 8,306 new teachers (see PES 2017, page 34). It is also worth noting that of eight thousand new teachers, around 34 percent will be contracted to teach in Zambézia (see MINEDH, PdA 2017, Versão GCC\_A, Page 12).

18) At the time of publication, 2015 is the latest year for which expenditure accounts have been finalized.

# 53%

Of the Education budget is allocated to Primary Education. Secondary Education will receive an amount corresponding to 27%.

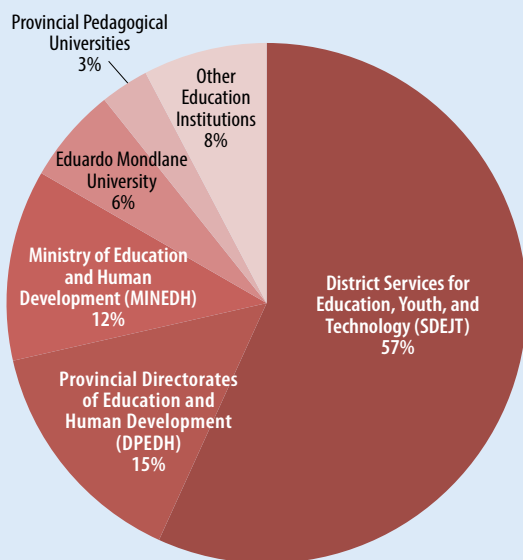
## 4.3 Resource use by Education Institution

SDEJTs were allocated the largest share of 2017 education resources, followed by DPEDHs and MINEDH; such has been the trend since 2011 (see Figure #6). SDEJTs, which represent the Ministry at the district level, were allocated MT 27.4 b, equal to 57 percent of the entire education budget. DPEDHs, which represent the Ministry at the provincial level, were allocated MT 7.1 b, equal to 15 percent of the entire budget. And MINEDH, which is the central-level administrator for the "General Education" side of the sector, was allocated MT 5.7 b, equal to 12 percent of the entire budget<sup>19</sup>. Universities, institutes, and sector administration institutions account for the remaining shares. MCTESTP, which is responsible for the "General Education" side of sector was allocated MT 0.6 b, equal to 1.2 percent of the entire education budget. This breakdown is in line with the sector's decentralization agenda.

## 4.4 Resource Use by Functional Area

Primary education was allocated the largest share of 2017 education resources, followed by secondary education and Administrative/Institutional Development (see Figure #7). Primary education was allocated MT 21.2 b, equal to a 53 percent share of the "General Education" budget; secondary education was allocated MT 10.9 b, equal to a 27 percent share; and administrative/institutional development was allocated MT 6.8 b, equal to a 17 percent share<sup>20</sup>. This is roughly the same breakdown as in the 2016 "General Education" budget.

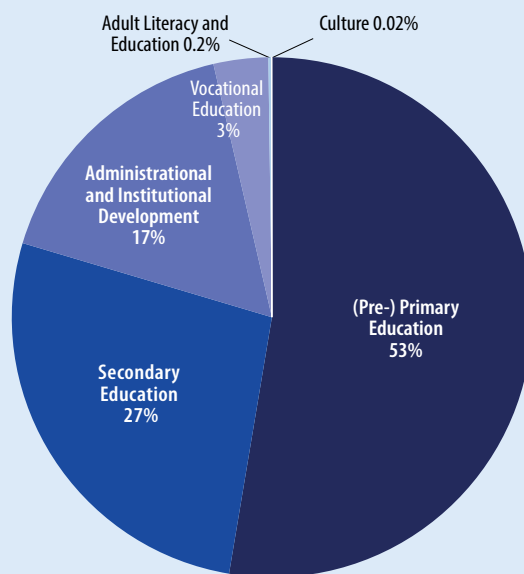
**FIGURE 6** Resource shares by institution



Source: Author's calculations from the LOE 2017.

Note: Shares are based on entire Education Sector budget (i.e. both "General Education" and "Higher Education" segments). Percentage shares may not add up to 100% as they are rounded shares.

**FIGURE 7** Resource shares by functional area



Source: MINEDH, PdA 2017, Versão GCC\_A, Page 9.

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

19) The shares are the author's calculations from the LOE 2017 out of the *entire* (i.e. general and higher education facets) education budget. Considering solely the "General Education" side of the sector, the shares are different: SDEJT (68 percent), DPEDH (17 percent), and MINEDH (14 percent). Source: MINEDH, PdA 2017, Versão GCC\_A, Page 7. It is also important to note that SDEJTs, DPEDHs, and MINEDH are not the only education units, or institutions, at the district, provincial, and central level, respectively; for this reason, the percentage share sizes here are different from reported share sizes in Section 6 of this report.

20) It is important to mention that the functional classification for education exists solely for the "General Education" segment of the Education Sector, meaning that the "Higher Education" segment is not considered in the breakdown. For this reason, tertiary education is not represented. Source: MINEDH, PdA 2017, Versão GCC\_A, Page 7.

# 92%

Is the average execution rate of education sector resources over the past 8 years. The figure is well above the average execution of the total State budget, which is at 87%.

## 5. How Well Has the Education Sector Executed its Past budgets?

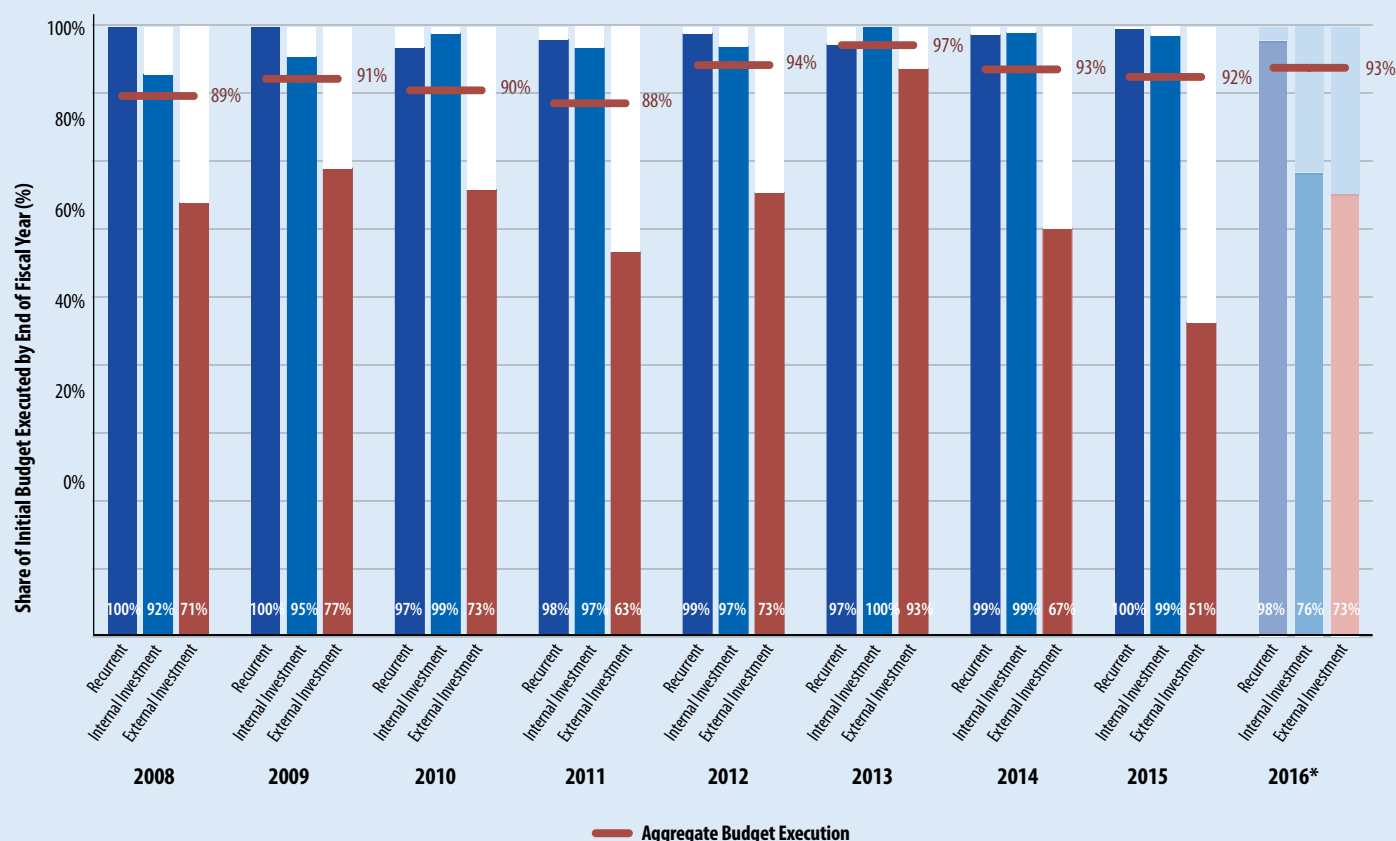
The Education Sector has executed, on average, 92 percent of its budget between 2008 and 2016, which is higher than the average State Budget execution rate of 87 percent over the same period (see Figure #8). In 2016, the sector has provisionally executed a weighted 93 percent of its budget; however, this will be confirmed with the release of the CGE later in the year. The lower execution rate for internal investment in 2016 is due to low individual budget execution by various DPEDHs and Pedagogical Universities, the Polytechnic Institutes of Manica and Gaza, and the International Relations Institute. The lower execution rate for external investment is due to the low execution of external resources provided to MCTESTP.

**Aggregate Education Sector execution rates are dragged down by incomplete disbursements and partial reporting**



**of on-budget/off-CUT projects by donors.** The Government executes, on average, 99 percent of the recurrent education budget and 95 percent of the internal investment budget, while donors execute, on average, a mere 71 percent of the external investment budget. It is important to note that low donor execution rates are due to tardy and incomplete disbursements as well as incomplete donor reporting on projects inscribed on-budget but funded off-CUT.

**FIGURE 8** Budget execution by spending category



**Source:** Author's calculations from the CGE 2008-2015 and REO IV 2016.

**Note:** Figure represents entire Education Sector (i.e. General Education and Higher Education). (\*) At the time of writing, the 2016 public expenditures account has yet to be finalized; in this regard, it is possible the execution rate is slightly larger than shown.



# 57%

of the Education Budget is allocated to the district level, 23% to the central level, and 21% to the provinces. This means that total education spending is highly decentralized.

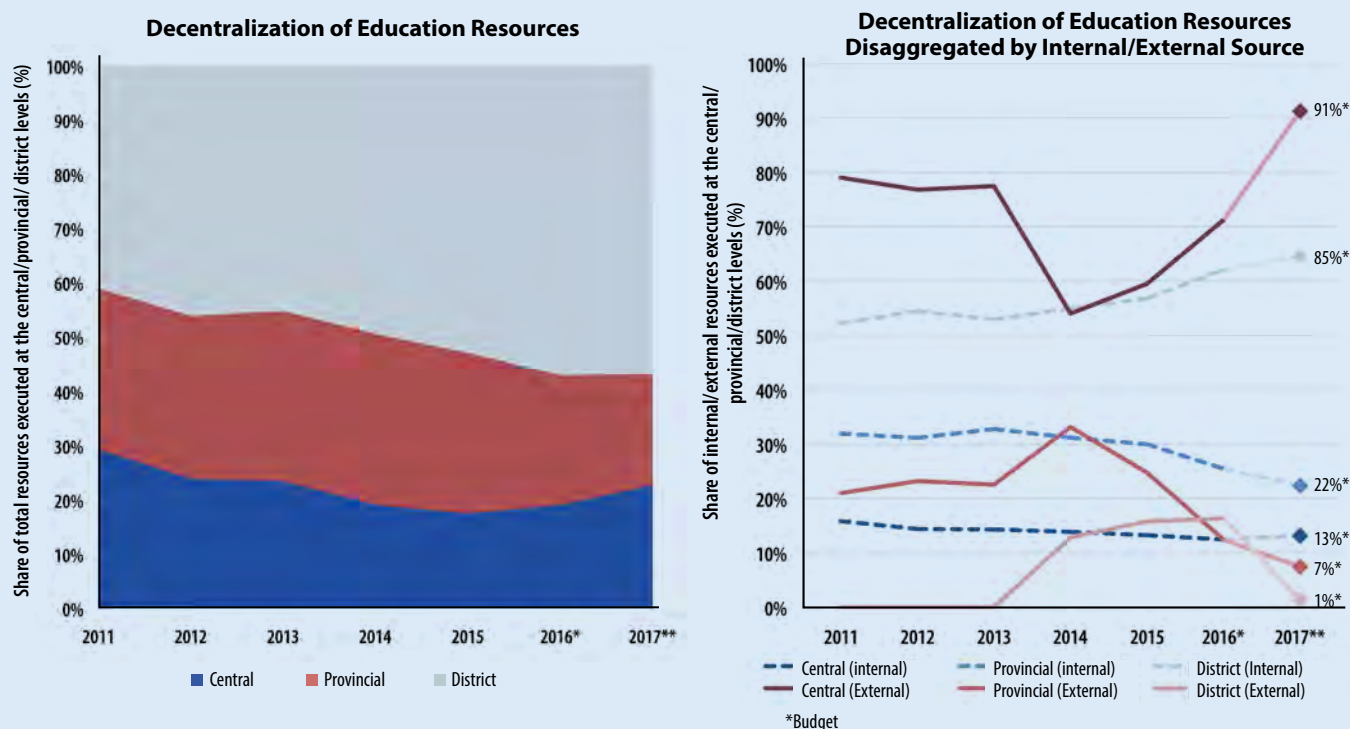


Photo: ©UNICEF/Mozambique

## 6. To What Extent Has the Education Sector Decentralized?

**Total education spending is highly decentralized. Since 2011, the majority of education resources have been executed at the district level (see Figure #9A).** In the 2017 education budget, 57 percent was allocated to districts, 23 percent to the central level, and 21 percent to provinces<sup>21</sup>. In fact, 2017 is the first time the share of resources does not follow the district-provincial-central hierarchy since prior to 2011<sup>22</sup>. The share allocated to districts has increased from a 41 percent share in 2011 to a 57 percent share in 2017. It is important to note, however, that changes in share sizes over time for central, provincial, and district levels are also partially due to the addition of certain education institutions to the Education Sector composition (e.g. Higher School of Hoteling and Tourism in Inhambane and others in 2017) as well as the deconcentration of other institutions from a higher to lower territorial authority (e.g. SDEJTs in 2011).

**FIGURE 9 A & B** Resource execution by territorial level



**Source:** Author's calculations from CGE 2008-2015, REO IV 2016, and LOE 2017.

**Note:** Figures represent entire Education Sector (i.e. General Education and Higher Education). Figure 9A shows execution of aggregate (internal and external together) education resources by territorial level; Figure 9B shows execution of education resources disaggregated by internal and external sourcing. (\*) At the time of writing, the 2016 public expenditures account has yet to be finalized; in this regard, it is possible the expenditure total is slightly larger than shown. (\*\*) The 2017 values are initial budget allocations and not expenditure.

21) Percentage shares are rounded.

22) In 2011, the payment of teacher salaries and school grants were first decentralized to the district level, and school and classroom construction/renovation as well as school materials procurement were decentralized to the provincial level.

**Donor disbursement and expenditure, specifically, is very centralized and has continued to centralize in recent years** (see Figure #9B). Disaggregating total education expenditure by internal and external sources reveals that while Government spending in the sector is highly decentralized, donor spending is highly centralized. In fact, in 2017, donors plan to disburse 91 percent of resources at the central level, 7 percent in provinces, and 1 percent in districts; compared to the Government which plans 13 percent at central, 22 percent in provinces, and 65 percent in districts. In fact, donor resources tend to be more centralized due to the practice of (i) inscribing donor-implemented on-budget off-CUT projects under MINEDH/MCTESTP, as well as (ii) selecting MINEDH/MCTESTP as project implementer regardless of whether the project is centrally or sub-nationally focused, and (iii) choosing to decentralize project funding through MINEDH/MCTESTP for fiduciary purposes. Nonetheless, in order to facilitate targeted donor support at sub-national levels, the Government should prioritize strengthening the capacity of DPEDHs/DPCTs and SDEJTs to be able to implement larger projects with bigger budgets.



Photo: ©UNICEF/Mozambique

## 7. How Has the Education Sector Performed?

**Mozambique has overcome its LIC and SSA peers in primary enrolment, yet remains far from achieving its peers' level for primary completion. Mozambique has not made gains in either of the two measures since 2010** (see Figure #10). Despite strong progress made on primary enrolment and completion rates between 2000 and 2010, the enrolment rate has since plateaued at 88 percent and the completion rate has since decreased from 56 percent to 48 percent. For primary completion, as of 2014 (most recent year for which there is complete data), Mozambique is a staggering 19 percentage points away from the average of its peers in low income countries and 26 points away from its sub-Saharan Africa regional peers.

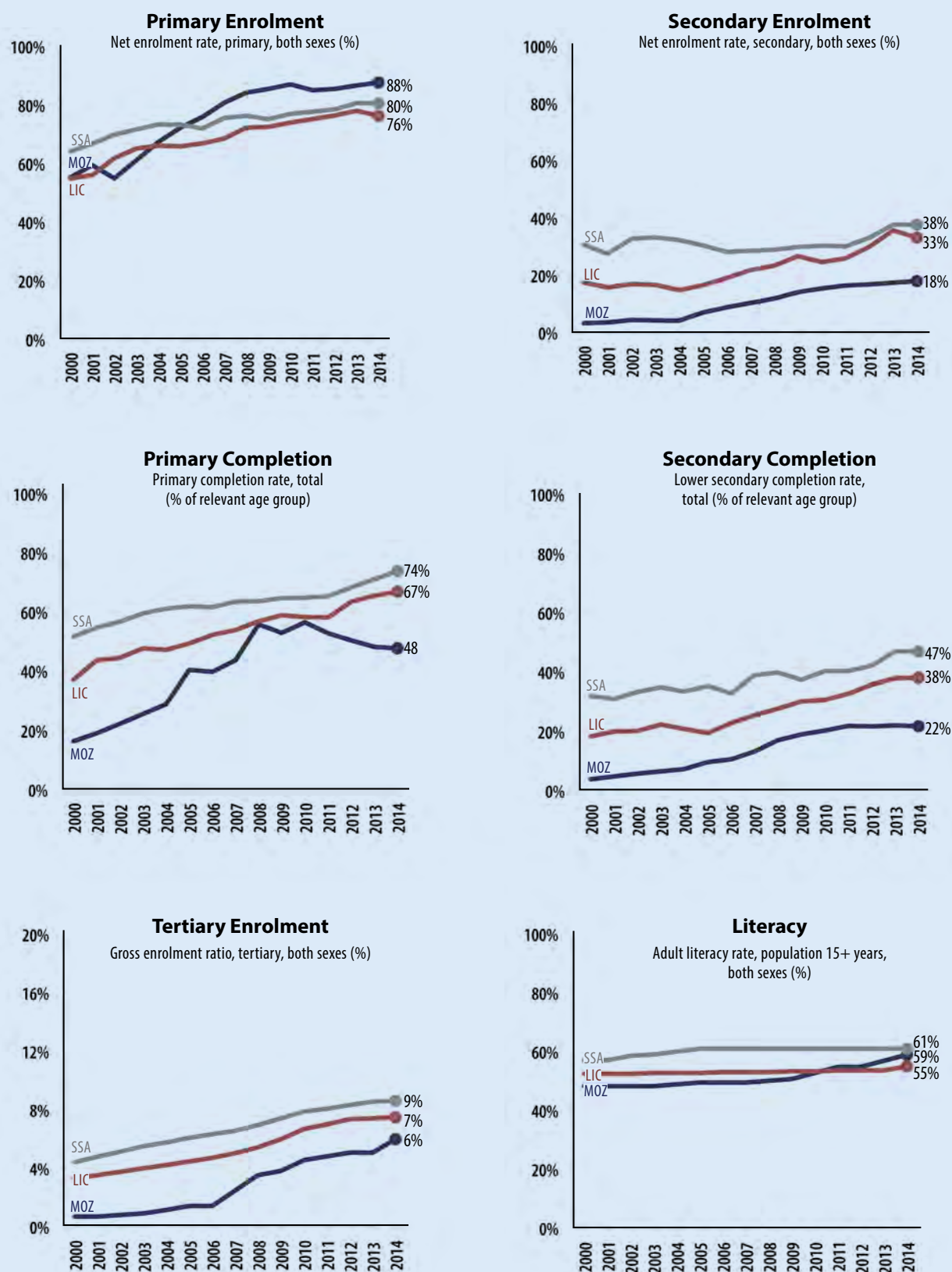
**Despite slow, but steady, improvement over the past 15 years, Mozambique is still far from achieving the secondary enrolment and completion rates of its LIC and SSA peers<sup>23</sup>. It will need to improve primary completion rates before it can expect significant improvements in secondary enrolment and completion rates.** Specific to secondary enrolment, the country has improved from 3 percent in 2000 to 18 percent in 2014 (most recent data);

nonetheless, it remains 15 percentage points behind LIC and 20 behind SSA. With regards to secondary completion, the country improved from 4 percent in 2000 to 22 percent in 2011 and then plateaued through 2014 (most recent data). It remains 14 percentage points behind LIC and 25 behind SSA. Before Mozambique can expect to have secondary enrolment and completion rates similar to those of its peers, it will need to improve its primary completion rate, since a student cannot matriculate into secondary school –nor complete secondary school– without having first completed primary school.

**Absenteeism and low teacher capacity are two main contributing factors for the sector's subdued performance in recent years.** In the World Bank's groundbreaking report, *Mozambique Service Delivery Indicators for Education* (2015), both absenteeism and low capacity were signaled as major threats to sector outcomes. The study underpinning the report found 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. The Education Sector must address these problems before it can expect to match the performance of its peers.

23) For lack of available data, "secondary enrolment" is an aggregate indicator for both lower and upper secondary education, while "secondary completion" concerns just lower secondary education. This explains why the enrolment rate is lower than the completion rate.

**FIGURE 10** Trends in enrolment and completion



**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.



## 8. How Efficient is Education Expenditure?

By linking expenditure with sector results, certain correlations are exposed. Benchmarking Mozambique's expenditure-results combination against those of the rest of the world can inform how efficiently (in terms of spending) it is achieving or sustaining a particular sector result. The following seeks to gauge education spending efficiency in primary and secondary education.

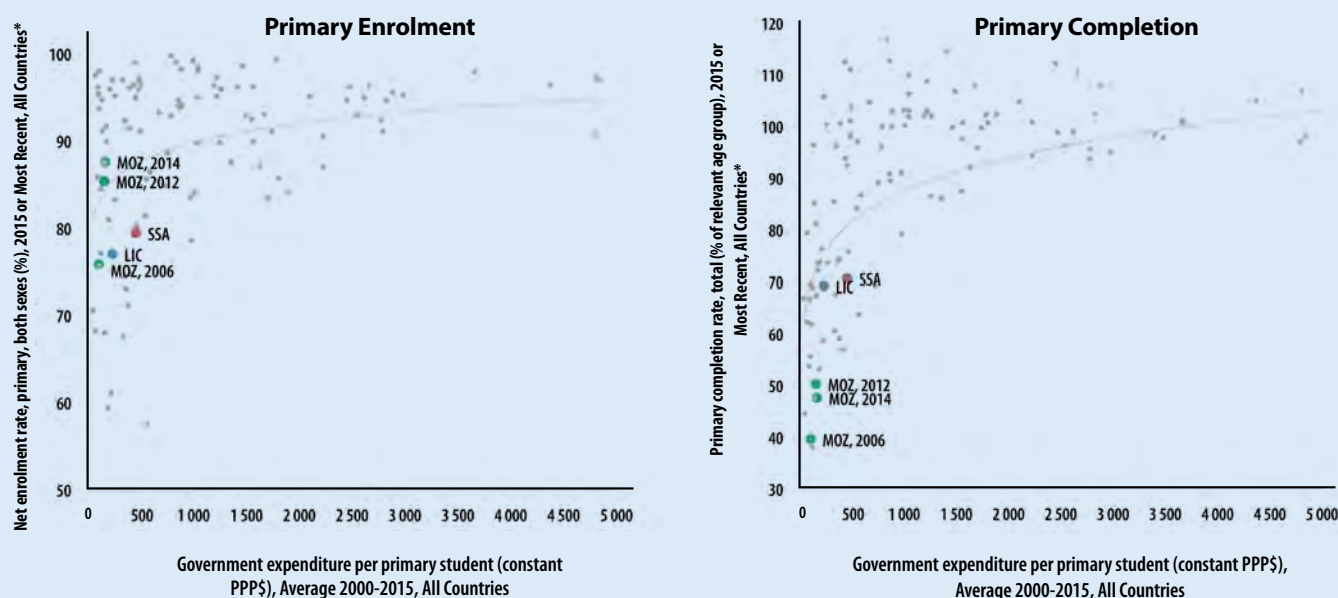
### 8.1 Efficiency in Primary Education

**Mozambique has managed to enroll a larger portion of its youth in primary school, despite spending less on a per-student basis, compared to LIC and SSA peers** (see Figure #11 A). Relative to the rest of the world, Mozambique demonstrates an efficient enrolment outcome for its level of spending. Whereas LIC spends an average US\$ 232 (constant, PPP) per pupil to attain a 77 percent enrolment rate, and SSA spends an average US\$ 454 to attain a 79 percent rate, Mozambique (according to most recent data from 2014) spends just US\$ 163 to attain an 88 percent rate. Nevertheless, there are many countries that spend less than Mozambique that achieve higher enrolment rates, such as: Malawi (US\$ 70, 97%); Burundi (US\$ 100, 95%); and Uganda (US\$ 103, 91%). Empirical evidence from across all countries demonstrates a slightly positive correlation between increased spending

and improved enrolment rates, especially at lower spending levels. In fact, Mozambique was able to make significant gains between 2006 and 2014 having increased its per pupil allocation slightly from US\$ 104 to US\$ 163, suggesting additional per pupil funding –if spent effectively– can further improve enrolment.

**While primary enrolment is relatively high and is an efficient outcome for what it spends, the country has one of the lowest primary completion rates in the world. Seemingly, spending on primary education targets enrolment more than completion** (see Figure #11B). Just two countries have a lower primary completion rate than Mozambique: Chad and Central African Republic. Relative to what it spends per-pupil, Mozambique would be expected to have a primary completion rate around 70 percent; instead, it has a 48 percent rate (2014, most recent data). Again, empirical evidence demonstrates a positive correlation between increased spending and improved completion rates, especially at lower spending levels. Between 2006 and 2012, Mozambique made completion rate gains with increased spending; however, from 2012 to 2014, it back-stepped with marginal additional spending. Clearly, although Mozambique shows it can matriculate primary school students at a relatively high rate, it struggles to retain them through completion. With the insights of the aforementioned World Bank report, this raises the question of whether primary education spending is more targeted at simply enrolling students than addressing the obstacles affecting retention and completion, such as absenteeism and teacher capacity.

**FIGURE 11 A & B** Efficiency of primary education spending



**Source:** World Bank, World Development Indicators. UNESCO Education Statistics Database: Net enrolment rate, primary, both sexes (%); Primary completion rate, total (% of relevant age group); Government expenditure per primary student (constant PPP\$).

**Note:** In Figure 11A and 11B, the Y-Axis is discontinuous to better show data concentration. SSA refers to the average of Sub-Saharan African countries; LIC refers to the average of Lower Income Countries; and MOZ refers to Mozambique. LIC and SSA are plotted per 2015, or most recent, data. In Figure 11B, some completion rates are higher than 100 percent because the indicator tracks the number who complete primary school as a percentage of the population which is of the age that should complete primary school; and when students of different ages complete, the percentage can be > 100% as they are not included in denominator. (\*) For sake of focus on SSA, LIC, and MOZ, some countries with expenditure > than US\$ 5,000 are not shown in figure. Moreover, other countries were omitted for lack of complete data.



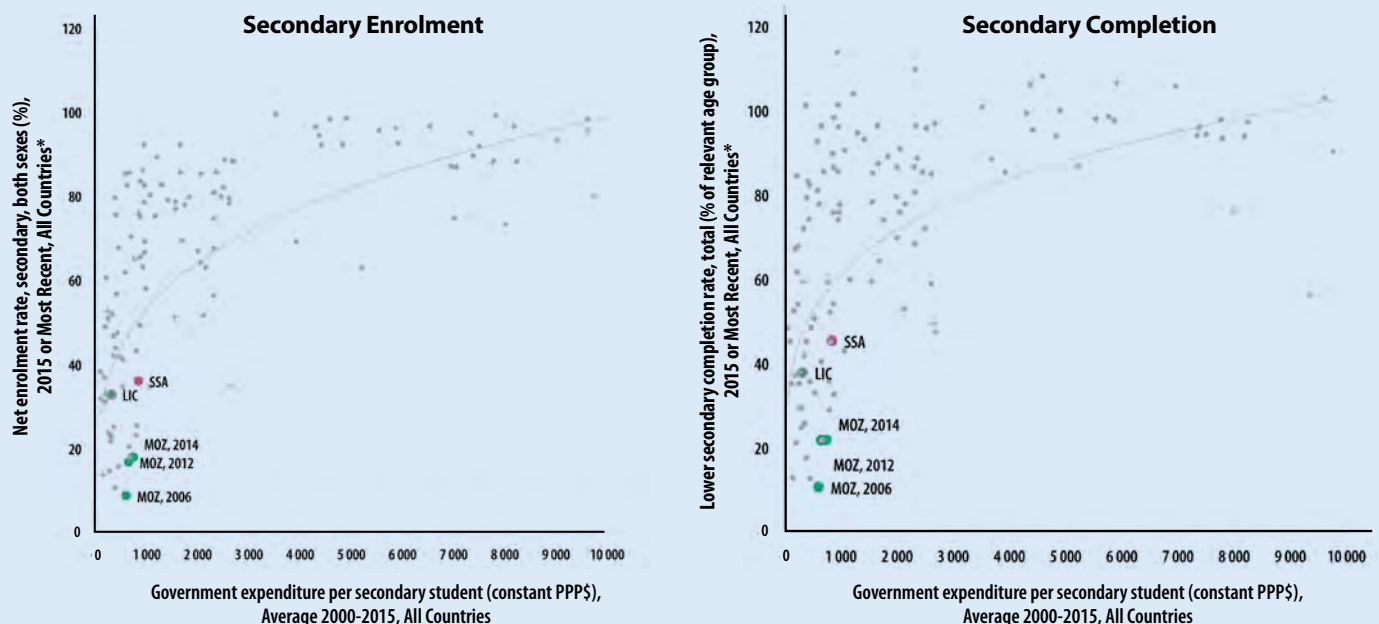
Photo: ©UNICEF/Mozambique

## 8.2 Efficiency in Secondary Education

Despite spending similar or more than LIC and SSA peers, respectively, Mozambique is far from achieving their secondary enrolment and completion rates (see Figure #12A & B). Mozambique's spending on secondary education is highly inefficient. While it spends US\$ 739 per pupil, it reports just 18 percent enrolment and 22 percent completion<sup>24</sup>; whereas, LIC spends US\$ 313 for 33 percent enrolment and 38 percent completion and SSA spends US\$ 839 for 36 percent enrolment and 45 percent completion.

**Mozambique will need to improve its primary completion rate before it can expect to realize more efficient secondary education outcomes.** Like primary education, there are positive correlations between increased spending and improved secondary enrolment and completion rates. In fact, Mozambique has shown improvement in both measures as it increased funding from US\$ 599 in 2006 to US\$ 739 in 2014 (most recent data). However, the country cannot expect to make major gains in secondary enrolment and completion until it improves its primary completion rate. In theory, as more students complete primary school and enroll in secondary, spending efficiency will increase as administrative overhead is spread out across more students, driving the per-student cost down as economies of scale is achieved.

**FIGURE 12A & B** Efficiency of secondary education spending



**Source:** World Bank, World Development Indicators. UNESCO Education Statistics Database: Net enrolment rate, secondary, both sexes (%); Lower secondary completion rate, total (% of relevant age group); Government expenditure per secondary student (constant PPP\$).

**Note:** In Figure 12A and 12B, the Y-Axis is discontinuous to better show data concentration. SSA refers to the average of Sub-Saharan African countries; LIC refers to the average of Lower Income Countries; and MOZ refers to Mozambique. LIC and SSA are plotted per 2015, or most recent, data. In Figure 12B, for lack of data, lower secondary completion rates are compared with aggregated spending on both lower and upper secondary. Additionally, some completion rates are higher than 100 percent because the indicator tracks the number who complete secondary school as a percentage of the population which is of the age that should complete secondary school; and when students of different ages complete, the percentage can be > 100% as they are not included in denominator. (\*) For sake of focus on SSA, LIC, and MOZ, some countries with expenditure > than US\$ 10,000 are not shown in figure. Moreover, other countries were omitted for lack of complete data.

24) For lack of available data, "secondary enrolment" is an aggregate indicator for both lower and upper secondary education, while "secondary completion" concerns just lower secondary education. This explains why the enrolment rate is lower than the completion rate.

## 9. To What Extent is Education Expenditure Equitable?

Social inclusion and equity is a reoccurring theme in the PEE<sup>25</sup>. Inclusion and equity in the Education Sector can be evaluated in terms of (i) the spatial distribution of resources, and whether resource use is (ii) pro-poor and (iii) gender sensitive<sup>26</sup>.

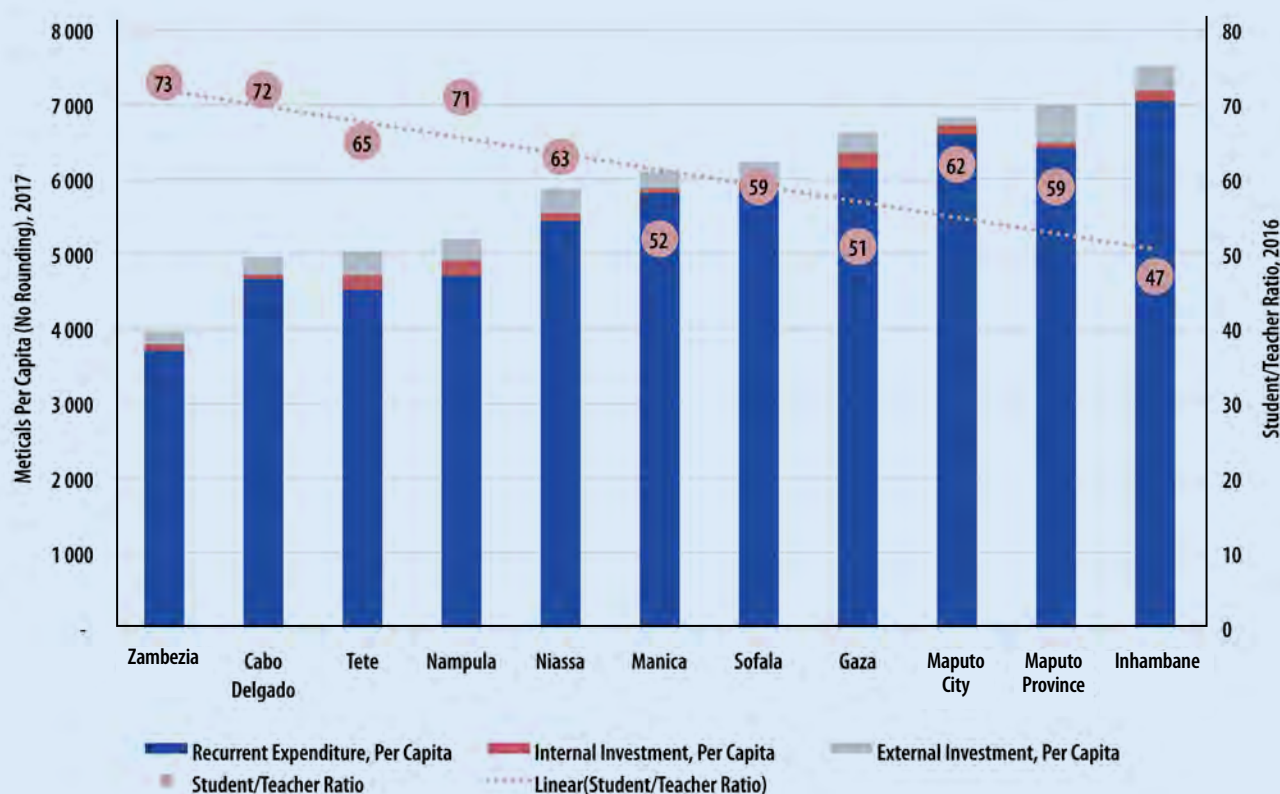
### 9.1 Equality Measure by Spatial Distribution

The allocation of non-central education resources in the 2017 budget is inequitable. The province with the lowest allocation, Zambézia, receives nearly half the allocation of the province with the highest allocation, Inhambane (see Figure #13). Considering solely district and provincial allocations (for lack of data on the decentralization of central-level resources to provinces), Zambézia province receives the highest gross allocation, but, on a per-student basis, receives the lowest allocation by nearly 50 percent. The average per-



Photo: ©UNICEF/Mozambique

**FIGURE 13** Non-central 2017 resource allocation by province



**Source:** Author's calculations from LOE 2017. Student/teacher ratio from MINEDH, *Levantamento Escolar*, 2016.

**Note:** Figure considers General Education and Higher Education institutions, but only shows decentralized funding allocated to district and provincial education allocations. For lack of available data, it does not include funding that is decentralized to provinces through MINEDH's budget allocation.

23) See PEE 2012-2016, Section 4, Pg. 37.

26) Benefit Incidence Analysis performed on the Education Sector, utilizing the 2014/2015 Household Survey and CGE 2015 education expenditure, helps delineate the welfare distribution across different groups of school-aged children to measure whether resource use is pro-poor and gender-sensitive. For this analysis, two elements are considered: (i) household behavior in the decision to enroll children in school; and (ii) government behavior in the allocation of public resources to different education levels. With respect to the first element, households have increasingly enrolled their children in primary and secondary school since at least 2000 (see Figure #10).





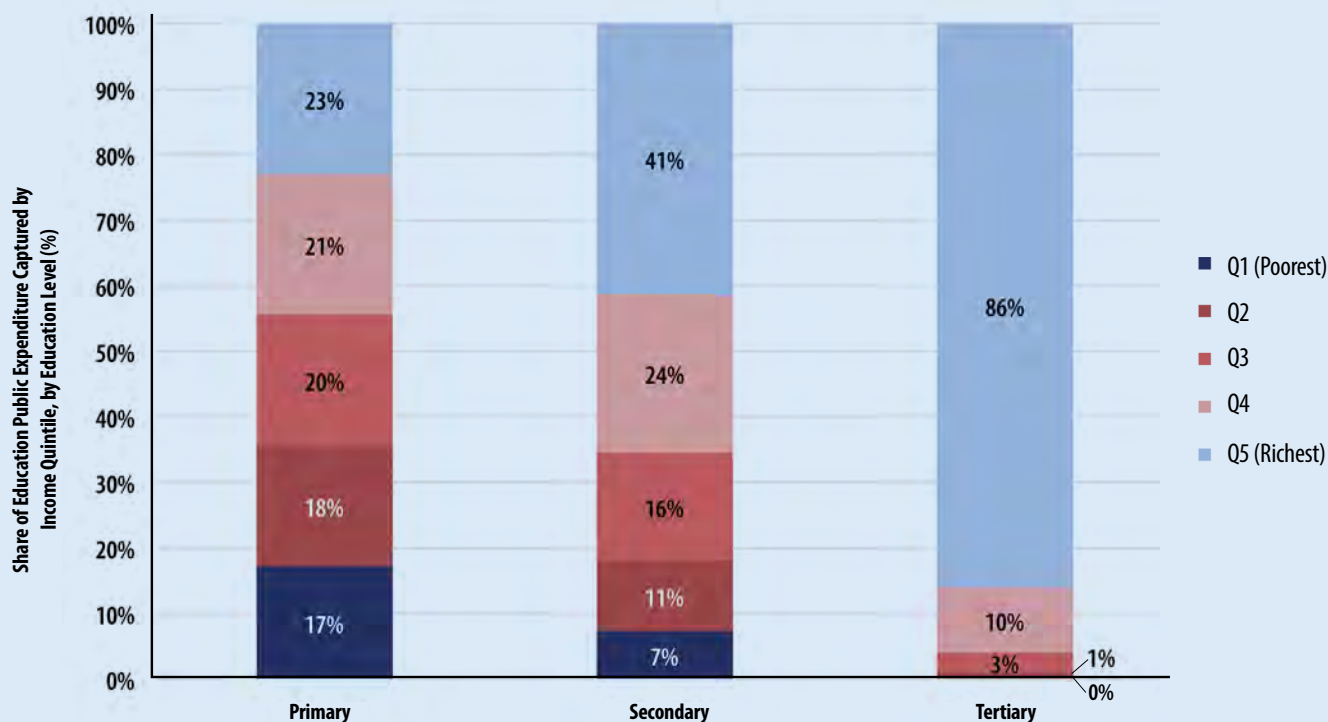
Foto: ©UNICEF Mozambique

student allocation of the bottom three provinces (Zambézia, Cabo Delgado, Tete) receive a third less than the average allocation of the top three provinces (Inhambane, Maputo Province, Maputo City). In fact, the four provinces with the highest student/teacher ratio are the same four provinces with the lowest allocation<sup>27</sup>.

#### Education Sector investment needs to prioritize the underserved provinces exhibiting the greatest need.

Since higher per-capita recurrent allocations can serve as a proxy for larger education systems and, thus, represent more infrastructure needing to be serviced, one can presume that Zambézia has a relatively smaller education system and less infrastructure per-capita than the southern provinces. Equitable budgeting then would mean investment is targeted at closing the infrastructure/education system size gap between provinces; however, Zambézia and other underserved provinces do not receive larger investment allocations, neither from the Government nor donors. To improve spatial equity, investment resources need to be targeted to the underserved provinces exhibiting the greatest need.

**FIGURE 14** Benefit incidence by education level



**Source:** Author's calculations from INE, *Inquérito aos Orçamentos Familiares* (IOF), 2014-2015; CGE 2015; MINED, *Levantamento Escolar*, 2015; and INE, *Estatísticas de Indicadores Sociais*, 2015.

27) Moreover, the fact that Zambézia has the highest Student-teacher ratio helps demonstrate that its low per-student budgeting and expenditure is not just a reflection of the economies of scale in the province from having the most students; rather, insufficient spending is not improving education indicators.

# 26%

of all students enrolled in Mozambique's education system come from the richest households while just 16 percent come from the poorest.

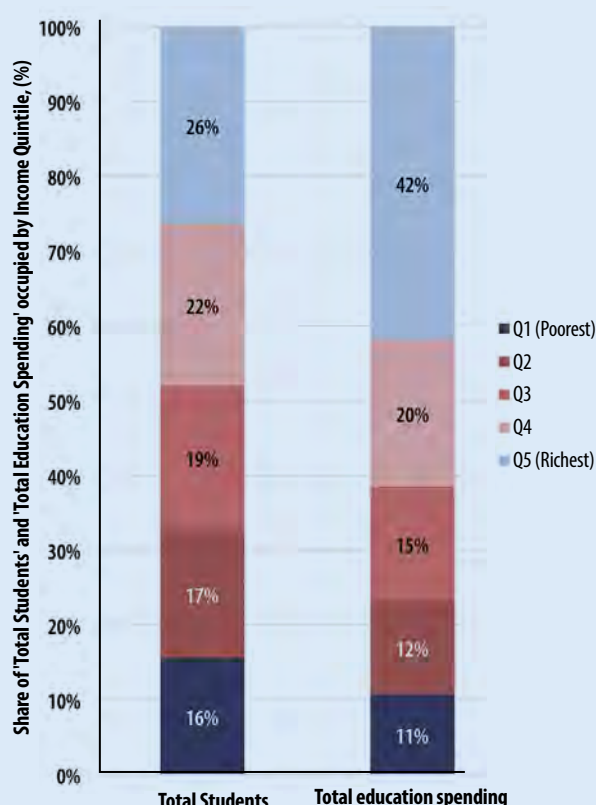
## 9.2 Equality Measure by Income Group

The poorest households benefit nearly as much from primary education as the richest households; however, they benefit considerably less from secondary and tertiary education<sup>28</sup> (see Figure #14). Given households' enrollment choices and the Government's allocation decisions, the distribution of primary education spending across households from different quintiles is more equitable than the distributions of secondary and tertiary education.



Photo: ©UNICEF/Mozambique

**FIGURE 15** Benefit concentration by income quintile



**Source:** Author's calculations from INE, Inquérito aos Orçamentos Familiares (IOF), 2014-2015; CGE 2015; MINED, *Levantamento Escolar*, 2015; and INE, *Estatísticas de Indicadores Sociais*, 2015.

The poorest households benefit from primary education nearly as much as other quintile households. In other words, the poorest households capture a near-equal share of public primary education expenditure as the richer households. However, the poorest benefit from secondary education about 6 times less than the richest households. For higher education, public spending disproportionately benefits the richest households.

**Collectively, across the three education levels, education spending benefits the rich more than the poor** (see Figure #15). Of all students enrolled in Mozambique's education system (i.e. primary, secondary, and tertiary levels), 26 percent of these students come from the richest households while just 16 percent come from the poorest households. And out of total expenditure in the country's education system, the richest households benefit from 42 percent of the expenditure while the poorest households benefit from just 11 percent<sup>29</sup>. Clearly, when considering which income group Mozambique's education system better attracts to its schools and which group receives the most benefit from spending on the schools, it is evident that the system is pro-rich, as opposed to pro-poor. Spending in the sector needs to be better targeted to ensure inclusion and equity across income groups.

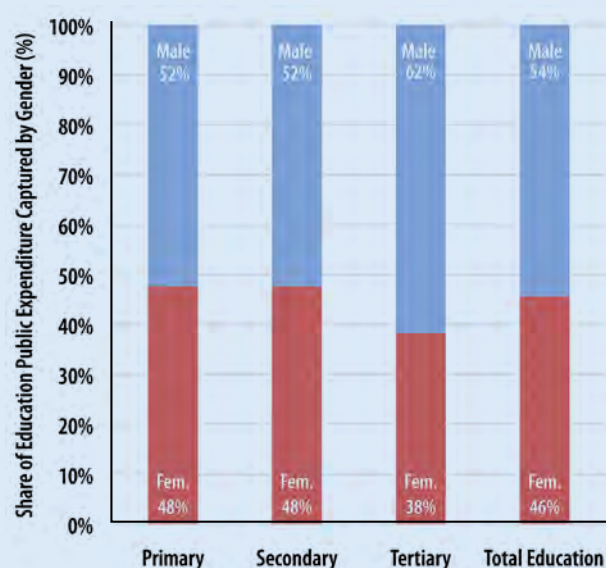
28) The per-student subsidy for primary school is MT 2,124; for secondary school is MT 7,483; and for tertiary is MT 59,098.

29) The benefit incidence for the richest household is explained by the fact that they disproportionately enroll in secondary and tertiary education, compared to other household income groups, and secondary and tertiary account for a higher per-student expenditure.

### 9.3 Equality Measure by Gender

Boys and girls benefit nearly equally from spending on primary and secondary education; however, for tertiary education, boys benefit considerably more than girls (see Figure #16). Analysis of the benefit incidence demonstrates that boys absorb a 52 percent share of public education spending for primary and secondary education compared to a 48 percent share for girls. For tertiary education, boys absorb a much larger 62 percent share compared to the 38 percent share for girls. This is due to the lower female tertiary education enrollment rate and higher value of the per-student subsidy for tertiary education. Considering all three levels together, boys capture a larger share of spending (54 percent) compared to girls (46 percent). In order to ensure greater gender equality in public spending, more resources should be targeted towards improving female participation in the education system, especially at the tertiary level.

**FIGURE 16** Benefit incidence by gender



**Source:** Author's calculations from INE, *Inquérito aos Orçamentos Familiares* (IOF), 2014-2015; CGE 2015; MINED, *Levantamento Escolar*, 2015; and INE, *Estatísticas de Indicadores Sociais*, 2015.

### 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 education institution

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

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

**Nominal Values; Current:** Numbers not corrected for the effect of inflation

**Real Values; Constant:** Numbers corrected for inflation

### Acronyms:

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