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Report No: PAD1261

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL GRANT

IN THE AMOUNT OF SDR36 MILLION
(US\$50 MILLION EQUIVALENT)

AND

A GLOBAL PARTNERSHIP FOR EDUCATION (GPE) GRANT
IN THE AMOUNT OF US\$57.9 MILLION

TO THE

REPUBLIC OF MOZAMBIQUE

FOR AN

EDUCATION SECTOR SUPPORT PROJECT

July 2, 2015

Education Global Practice
AFRICA



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CURRENCY EQUIVALENTS
(Exchange Rate Effective May 31, 2015)

Currency Unit = Metical (Pl. Meticaís)
Mt34.20 = US\$1
US\$1.39 = SDR1

FISCAL YEAR
January 1 - December 31

ABBREVIATIONS AND ACRONYMS

ADE	Direct Support to School Program (<i>Apoio Direto as Escolas</i>)
AF	Additional Financing
CALE	Textbook Evaluation Council (<i>Comissão de Avaliação para o Livro Escolar</i>)
CPS	Country Partnership Strategy
DAF	Department of Finance and Administration (<i>Direção Nacional de Administração e Finanças</i>)
DGLEMD	Textbook Department (<i>Departamento para a Gestão de Livros Escolares e Material Didático</i>)
DINAME	National Textbook Distribution (<i>Distribuidora Nacional de Material Escolar</i>)
DIPLAC	Directorate of Planning and Cooperation (<i>Direção de Planificação e Cooperação</i>)
DLI	Disbursement-linked Indicators
DLR	Disbursement-linked Results
DNFP	National Directorate for Teacher Training (<i>Direção Nacional de Formação de Professores</i>)
DPEC	Provincial Department for Education and Culture (<i>Direção Provincial de Educação e Cultura</i>)
ECD	Early Childhood Development
ESC	Environmental and Social Clauses
EMIS	Education Management Information System
EP	Primary School (<i>Escola Primária</i>)
EP1	First cycle of Primary School (Grades 1-5)
EP2	Second cycle of Primary School (grades 6-7)
EPC	Complete Primary School (<i>Escola Primária Completa</i>)
ESG	Secondary Education (<i>Escola Secundária Geral</i>)
ESMF	Environmental and Social Management Framework
ESSP	Education Sector Support Project
FASE	Education Sector Support Fund (<i>Fundo de Apoio ao Sector de Educação</i>)
FM	Financial Management
GDP	Gross Domestic Product
GoM	Government of Mozambique
GPE	Global Partnership for Education
GPI	Gender Parity Index
GRS	Grievance Redress Service
HE	Higher Education
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome
IBRD	International Bank for Reconstruction and Development

ICT	Information and Communications Technology
IDA	International Development Agency
IEDA	Institute of Distance Education (<i>Instituto de Educação Aberta e à Distância</i>)
IFMIS	Integrated Financial Management Information Systems
IFP	Teacher Training Institute (<i>Instituto de Formação de Professores</i>)
IFR	Interim Financial Report
INDE	National Institute for Educational Development (<i>Instituto Nacional de Desenvolvimento da Educação</i>)
ISDS	Integrated Safeguards Data Sheet
IVA	Independent Verification Agent
JSR	Joint Supervision Review
LEG	Local Education Group
M&E	Monitoring and Evaluation
MINEDH	Ministry of Education and Human Development (<i>Ministério da Educação e Desenvolvimento Humano</i>)
MITADER	Ministry of Land, Environmental and Rural Development (<i>Ministério da Terra, Ambiente e Desenvolvimento Rural</i>)
MT	Metical
OP	Operational Plan
P4R/PFM4R	Public Financial Management for Results
PARP	Poverty Reduction Action Plan (<i>Plano de Acção para a Redução da Pobreza</i>)
PDO	Project Development Objective
PEE	Education Strategic Plan (<i>Plano Estratégico da Educação</i>)
PEES	Higher Education Strategic Plan (<i>Plano Estratégico do Ensino Superior</i>)
PRAMS	Procurement Risk Assessment Management System
PRSP	Poverty Reduction Strategy Plan
RAP	Resettlement Action Plan
REGB	Regulatory Document for Basic Education (<i>Regulamento Geral do Ensino Básico</i>)
RPF	Resettlement Policy Framework
SACMEQ	Southern and Eastern Africa Consortium for Monitoring Educational Quality
SDEJT	District Services for Youth, Education and Technology (<i>Serviços Distritais de Juventude, Educação e Tecnologia</i>)
SSA	Sub-Saharan Africa
SWAp	Sector-wide Approach
TA	Technical Assistance
ToR	Terms of Reference
TPP	Third Party Providers
TVET	Technical Vocation Education and Training
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WB	World Bank
ZIP	Zones of Pedagogical Influence (<i>Zonas de Influência Pedagógica</i>)

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REPUBLIC OF MOZAMBIQUE
EDUCATION SECTOR SUPPORT PROJECT

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ADDITIONAL FINANCING DATA SHEET

Mozambique

Additional Financing to Education Sector Support Project (P151185)

AFRICA

GEDDR

Basic Information – Parent							
Parent Project ID: P125127				Original EA Category: B - Partial Assessment			
Current Closing Date: 31-Jul-2015							
Basic Information – Additional Financing (AF)							
Project ID: P151185				Additional Financing Type (from AUS): Scale Up			
Regional Vice President: Makhtar Diop				Proposed EA Category: B - Partial Assessment			
Country Director: Mark R. Lundell				Expected Effectiveness Date: 01-Dec-2015			
Senior Global Practice Director: Claudia Maria Costin				Expected Closing Date: 31-Dec-2018			
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Borrower							
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Project Financing Data - Parent (MZ-Education Sector Support Program-P125127) (in USD Million)							
Key Dates							
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P125127	IDA-49300	Effective	28-Apr-2011	18-Jul-2011	06-Feb-2012	31-Jul-2015	31-Jul-2015
P125127	IDA-51000	Effective	01-May-2012	29-Aug-2012	26-Feb-2013	31-Jul-2015	31-Jul-2015

P125127	TF-99811	Closed	18-Jul-2011	18-Jul-2011	11-Jun-2012	31-Jul-2014	31-Mar-2015		
Disbursements									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P125127	IDA-49300	Effective	USD	71.00	71.00	0.00	68.95	0.00	97.11
P125127	IDA-51000	Effective	USD	40.00	40.00	0.00	35.07	2.76	87.66
P125127	TF-99811	Closed	USD	90.00	90.00	0.00	90.00	0.00	100.00
Project Financing Data - Additional Financing Mozambique Additional Financing to Education Sector Support Project (P151185)(in USD Million)									
<input type="checkbox"/>	Loan	<input checked="" type="checkbox"/>	Grant	<input checked="" type="checkbox"/>	IDA Grant				
<input type="checkbox"/>	Credit	<input type="checkbox"/>	Guarantee	<input type="checkbox"/>	Other				
Total Project Cost:		107.90		Total Bank Financing:		50.00			
Financing Gap:		0.00							
Financing Source – Additional Financing (AF)							Amount		
BORROWER/RECIPIENT							0.00		
IDA Grant							50.00		
Education for All - Fast Track Initiative							57.90		
Total							107.90		
Policy Waivers									
Does the project depart from the CAS in content or in other significant respects?							No		
Explanation									
Does the project require any policy waiver(s)?							No		
Explanation									
Team Composition									
Bank Staff									
Name		Role		Title		Specialization		Unit	

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Sophie Naudeau	Team Member	Senior Education Specialist	ECD	GEDDR

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Mozambique		Província de Zambézia			

Mozambique		Tete			
Mozambique		Sofala			
Mozambique		Niassa			
Mozambique		Nampula			
Mozambique		Manica			
Mozambique		Inhambane Province			
Mozambique		Gaza Province			
Mozambique		Cabo Delgado Province			
Mozambique		Cidade de Maputo			
Institutional Data					
Parent (MZ-Education Sector Support Program-P125127)					
Practice Area (Lead)					
Education					
Contributing Practice Areas					
Cross Cutting Topics					
[] Climate Change					
[] Fragile, Conflict & Violence					
[] Gender					
[] Jobs					
[] Public Private Partnership					
Sectors / Climate Change					
Sector (Maximum 5 and total % must equal 100)					
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %	
Education	Primary education	34			
Education	Secondary education	25			
Education	Vocational training	20			
Public Administration, Law, and Justice	Public administration-Education	16			
Education	Pre-primary education	5			
Total		100			
Themes					

Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Human development	Education for all	100		
Total		100		
Additional Financing Mozambique Additional Financing to Education Sector Support Project (P151185)				
Practice Area (Lead)				
Education				
Contributing Practice Areas				
Cross Cutting Topics				
[] Climate Change				
[] Fragile, Conflict & Violence				
[] Gender				
[] Jobs				
[] Public Private Partnership				
Sectors / Climate Change				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Public Administration, Law, and Justice	Public administration- Education	20		
Education	Primary education	80		
Themes				
Theme (Maximum 5 and total % must equal 100)				
Human development	Education for all	100		
Total				100
Consultants (Will be disclosed in the Monthly Operational Summary)				
Consultants will be required				

I. Introduction

1. This Project Paper seeks the approval of the Executive Directors to provide Additional Financing (AF) in the amount of SDR36.0 million (US\$50.0 million equivalent) from the International Development Association (IDA) and US\$57.9 million from the Global Partnership for Education (GPE) Fund to the Republic of Mozambique for the Education Sector Support Project (ESSP) (P125127). The paper also seeks management approval of a Level-II restructuring consisting of an overall reduction in the number of components, stronger focus on results through the introduction of Disbursement Linked Indicators and an extension of the Project closing date.

2. The proposed AF would cover the costs associated with scaling up activities to enhance the impact of a well-performing project while introducing the following innovative elements (i) strategic changes in the design of the operation supporting transformational impacts on enhancing service delivery; and (ii) disbursement linked indicators to strengthen the focus on results and address issues related to sector efficiency. The AF would help achieve the overall Project Development Objective (PDO) to improve access to, and quality and equity of education, by continuing to support the implementation of Mozambique's current Education Strategic Plan (PEE) from 2016 to 2018. As with the original project, the AF would continue to be channeled through the Education Sector Support Fund ("FASE" in Portuguese), funded by ten donors (including GPE) to support effective implementation of the PEE.

3. Activities selected to be supported by the AF are those with potential to address key bottlenecks to improving learning outcomes in the first cycle of primary education and enhancing the sector's efficiency. In particular, the AF would provide continuous support to existing activities promoting the acquisition of early learning competencies, namely teacher training, curricula reform and the provision of textbooks in an efficient and timely manner. In addition, the AF would support activities aimed at enhancing accountability for better learning outcomes through strengthened governance at the school and district level. Finally, the AF would continue to support activities aimed at facilitating school readiness through the provision of Early Childhood Development (ECD) activities (see Annex 3 for details).

4. The proposed restructuring of the project would ensure a narrower scope in line with current priorities and would bring about a stronger focus on results. As further described in Section III, the following changes would be introduced: (a) streamline project components to reflect increased focus on key issues that hamper improvements in learning outcomes especially during the earlier years of primary education; (b) revise the Results Framework to reflect the above changes in components; (c) introduce a results-based modality for the disbursement of part of the GPE Grant; and (d) extend the project closing date to December 31, 2018.

5. These changes are consistent with the increased focus on results by the Government of Mozambique (GoM) and its partners, and are fully aligned with the Bank-supported Public Financial Management for Results (PFM4R) operation which supports complementary interventions in the education sector. Synergies between the two operations have been carefully evaluated, and include interventions targeted at school councils, mid-level school management (directors and district supervisors) and promote mechanisms to strengthen accountability and transparency at the school level. Moreover, by focusing on the first cycle of primary education, the AF is expected to have a large impact on improving learning outcomes for the most vulnerable. Girls and children living in rural areas are disproportionately affected by early dropout and therefore expected to benefit the most from the activities supported by the AF.

II. Background and Rationale for Additional Financing

(i) Sector Context

6. **A recent assessment of the implementation of the *Plano Estratégico da Educação (PEE)*- Education Strategic Plan- shows that Mozambique has made significant progress in improving equitable access to primary education.** Between 2009 and 2014, net enrollment in Grade 1 of 6 year old children increased from 67 percent to 82 percent and every year more children are in the education system overall. Gender parity is improving, with 47.4 percent of all students being female and a gender parity index upon Grade 1 entry that has stabilized at a relatively high level of 0.94 in general and 0.97 for the six year olds. Socio-economic equity is also improving, with a progressive reduction in gaps between the richest provinces of the South and the poorest provinces of the North in terms of schooling access, particularly in primary education.

7. **There remain, however, significant and mutually reinforcing challenges facing the primary education level, particularly in terms of: (i) low retention; (ii) sub-optimal learning environment; and (iii) poor management at school level.** In addition to some children entering school late, progress through the system is slow and characterized by high numbers of dropouts, resulting in delays in completion and low completion rates. Recent data showed, for example, that only approximately 70 percent of all students who attended 1st grade in 2012 entered 3rd grade in 2014. Moreover, despite recent progress, the learning environment is not optimal, with major concerns specifically in terms of teachers' ability.¹ Finally, while weaknesses in school management manifest themselves in different ways, one illustration can be found in the high levels of absenteeism for both students and teachers, which are consistently noted by independent studies, as well as supervision missions.² These three factors - low retention, sub-optimal learning environment, and deficiencies in school management - are mutually reinforcing to produce weak learning outcomes. This is evidenced by the recent results from the 2013 national assessment which show that less than 7 percent of 3rd grade students demonstrated basic literacy skills.

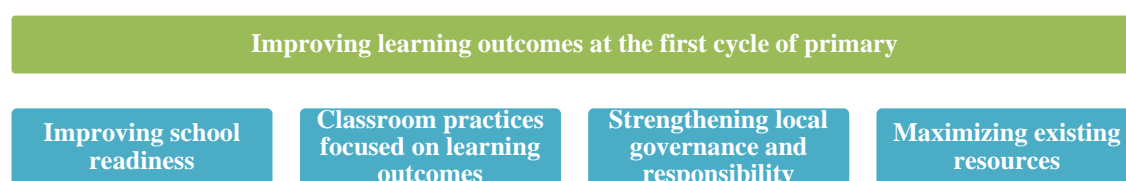
8. **Despite considerable progress, participation and learning outcomes in primary schools show signs of inequality related to the area of residence and income.** Unfortunately, no recent data is available that would enable comparison across various dimensions, but a 2008 Household Survey showed that primary attendance for the poorest households on a national level was 64 percent (compared to 91 percent for the wealthiest households). The gap between urban and rural areas was 12 percent (and as high as 17 percent in more rural provinces). Although it is likely that this situation has improved over the past years, substantial inequity remains as evidenced by large differences in retention rates across regions. Similar disparity can be found in the results of the 2013 national assessment which showed the Northern regions lagging behind. For example, 19 percent of grade 3 students met the required level of learning in Maputo City, which is already very low, but still significantly higher than in Cabo Delgado, where only 1.5 percent of Grade 3 students met the requirements. Different studies and supervision missions suggest that regional differences result from poverty, cultural factors, job opportunities, and other elements that contribute to how local communities value education.

¹ See for example the results from the Service Delivery Indicators Study (World Bank, 2015), which show that only 1 percent of Grade 4 teachers master 80 percent of the curricula.

² For example, results from the SDI show that 56 percent of primary school teachers are absent on any given day (World Bank, 2015).

9. **The Ministry of Education and Human Development (MINEDH) is in the process of extending the PEE until 2019, bringing a stronger focus on further improving education quality especially during the first few years of primary.** Although the original objectives of the PEE remain valid, the MINEDH is emphasizing the need for rapid changes in areas that currently hamper improvement in learning outcomes, especially during the first years, as key to developing better results at all educational levels. The Operational Plan (OP) for primary education fleshes out the operational details of the PEE in the area of primary education for the years 2015-2018. In response to the already occurring low learning outcomes and retention in the first cycle of primary education, the OP identifies four areas to be the focus of the MINEDH in primary education, namely: (i) improving school readiness; (ii) ensuring classroom dynamics that focus on key learning outcomes (basic literacy); (iii) strengthening local governance and responsibility; and (iv) enhancing equitable, effective and efficient utilization of existing financial and human resources. See Figure 1 below.

Figure 1: Focus of Operational Plan for Primary Education, 2015-2018



(ii) *Parent Project Status*

10. **The PDO of the current ESSP is to improve access to, and quality and equity of education.** The current project contributes to the overall PEE's objective through the following five components: 1) Improving Access to Education; 2) Improving the Quality of Education; 3) HIV/AIDS Prevention and Mitigation; 4) Strengthening Management of the Education Sector Administrative System; and 5) Scaling-up Community-based Early Childhood Development (ECD).

11. **The original project has performed satisfactorily, with most of the PDO level results indicators on track and a consistently high disbursement rate.** The recent implementation support mission showed steady progress in implementation, and the project was rated Moderately Satisfactory on achievement of the Development Objective, and Moderately Satisfactory on Implementation Progress. As of June 2015, 98.6 percent of the total funding has been disbursed, and five out of six of the project's PDO level results indicators have met their targets for 2014 (see Table 1). Overall implementation has progressed as initially envisaged, with the exception of the school construction activities under Component 1 which have experienced substantial delays and encountered significant issues in terms of quality and contractual compliance. In addition, the large scope of the original project, spanning from ECD to Technical Vocation Education and Training (TVET) has somewhat limited the impact of the project on specific issues that have been identified as key to improving learning outcomes (see Annex 3 for more details).

Table 1: PDO Level Indicators for the Parent Project

	<i>Baseline (2011)</i>	<i>Current</i>	<i>End Target (2015)</i>
(1) Primary Completion Rate	47%	45%	49%
(2) Net intake of 6-year-olds in Grade 1	70%	81%	80%
(3) Parity in net enrollment of 6 year-olds in Grade 1 between the best and least performing provinces	0.50	0.57	0.59
(4) Transition rate EP2/next level post primary	97%	92%	95%
(5) Gender Parity Index	0.94	0.95	0.94
(6) Direct Project Beneficiaries (number) of which female	6.117.794 (47.2%)	6.534.147 (47.6%)	6.623.503 (47.6%)

(iii) *Rationale for Additional Financing*

12. **The AF would support the scaling up of selected activities that are crucial to further improve learning outcomes.** Recent evidence on weak learning outcomes calls for additional efforts for enhancing education quality. The AF would provide essential resources to reach this goal by focusing on early reading, writing and numeric skills. It would do so by supporting ongoing actions aimed at: (i) improving school readiness (through expanding access to ECD); (ii) enhancing the learning environment (including through the implementation of curriculum reform and additional teacher training); and (iii) interventions aimed at transforming existing resources into better results through enhanced local management and governance (including through strengthened school management, increased supervision by districts, enhanced capacity of school councils, as well as the targeting of resources to benefit the learning of all, with a focus on the most vulnerable).

13. **The AF aims to accompany and support the current shift in strategic thinking within MINEDH, which puts an increased emphasis on enhancing service delivery through strengthening local governance and accountability.** There is increasing evidence of how deficiencies in service delivery constrain further improvements in education outcomes in Mozambique.³ Such weaknesses are found to be key impediments to the overall functioning of schools, including difficulties in ensuring that key resources arrive on time to all schools, the limited role played by communities in the management of the school, the relatively weak monitoring and supervision at the district level, as well as overall accountability systems linked to educational outcomes. To tackle these issues, the Government has developed various strategies and policies that aim to strengthen governance at the local level. The proposed AF would support the emphasis on strengthened local governance and accountability for improved service delivery and education outcomes through activities that were not previously included in the project.

14. **Finally, the streamlining of components would ensure stronger leverage for change within the sector.** While the AF will continue to contribute to the overall implementation of PEE through the FASE pool of funds, the AF aims to concentrate on areas identified by the MINEDH that are key to further progress in improving learning outcomes for all. The identification of core components of the PEE is expected to bring stronger focus on key activities during the implementation of the PEE. Selectivity and simplification are in line with the capacity constraints and the need to accelerate

³ For instance, data on teachers' absenteeism and time on task seem to indicate that the issue is widespread and severely limits the impact of improvement in the quality of inputs to the system, including textbooks and infrastructure.

progress in key areas in view of the poor results from the recent learning assessment. As such, the AF is being used beyond its financial contribution as an instrument for change management, in terms of: i) introducing a focus on specific challenges; ii) strengthening the focus on results; while at the same time, iii) guaranteeing adequate financial resources to ensure key inputs at the school level.

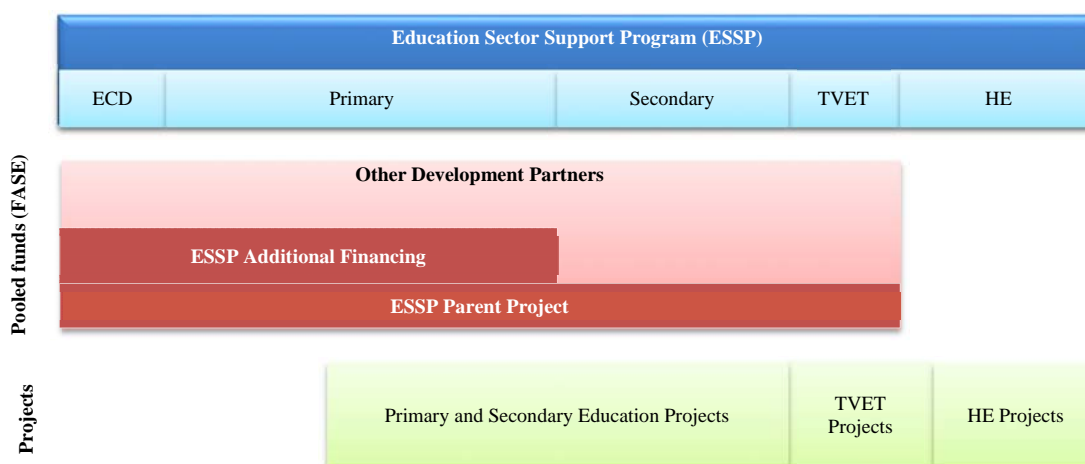
(iv) *Rationale for Bank engagement*

15. **The AF is aligned with the Country Partnership Strategy (CPS) and would contribute to the twin goals of ending extreme poverty and boosting shared prosperity.** The AF to the ESSP would contribute to the achievement of the common goal of human and social development contained in both the Government of Mozambique (GoM)'s Poverty Reduction Action Plan 2011-2014 (PARP), the Government's new five year plan 2015-2019, and the World Bank's Mozambique CPS 2012-2015. The PQG 2015-2019 identifies the development of social and human capital as one of its five priorities to contribute to the overall goal of the Government to *improve the quality of life for the Mozambican people, through ensuring equal and inclusive development and growth, in a context of peace*. The key objectives for education include (i) the acquisition of key competencies in primary education (reading, writing and numeracy), and (ii) expanding access for youth and adults to quality and relevant post-primary education. Finally, by focusing on improving learning outcomes, especially for the most vulnerable, the project directly contributes to the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity. Better skilled Mozambicans can have access to improved livelihoods and contribute to increased overall country labor productivity.

16. **The AF would be jointly financed by IDA and GPE Funds, and would be complemented by partner funding through a pooled funds mechanism, FASE.** The IDA contribution of US\$50.0 million would leverage an additional US\$57.9 million from the GPE Funds in support of this AF. Funds would continue to be channeled through the common fund (FASE) and are estimated to provide approximately 40 percent of total funds channeled through FASE over 2016-2018. FASE is the primary channel for external funds to the education sector especially at primary level,⁴ and is complemented by other bilateral projects targeting mostly post-basic education (see Figure 2). External funding is complementary to internal government funding (around 80 percent of the overall sector budget) and covers key recurrent spending of the sector (i.e. salaries, recurrent costs of educational institutions, basic investments in infrastructure, etc.). All external support (FASE and non-FASE) is coordinated by the MINEDH to support the implementation of the ESSP that embraces all levels of education, as well as overall institutional development. This coordinated support to the education sector through the sector-wide approach (SWAp) involves joint reviews and evaluations as well as on-going dialogue on strategic issues.

⁴ Among the Development Partners, ten channel their funds through FASE, including the World Bank and GPE.

Figure 2: Mechanisms for Channeling External Aid to Education



17. **The Bank's involvement is expected to bring tangible value-added in several key domains.** The Bank's global knowledge, technical and operational expertise will be critical in providing technical support and consensus-building around system and institutional changes, which are expected to yield economic and social returns in the longer term. The Bank's comparative advantage in supporting multisector solutions to enhancing education outcomes is especially valued by all stakeholders, and reflected in the proposed ECD activities, which combine education and nutrition interventions aimed at addressing the current lack of school readiness (see Annex 3 for a detailed description of activities). In addition, the Bank is well equipped to further support the MINEDH in shifting focus away from inputs towards increased efficiency of existing expenditures through service delivery improvements. Moreover, given its wide experience with results-based financing in social sectors, including in Mozambique, the Bank is also seen as a credible partner that can help institutionalize a results-based development culture. Finally, the unique operational capability of the Bank is recognized by Government and Partners who rely on the Bank to act as supervising entity for the funds from the GPE and assume overall fiduciary oversight for the FASE.

18. Various alternatives and complementary options have been considered:

- Other Bank instruments:** An alternative to additional financing considered included an IDA grant for a new project. However, the additional financing builds on the achievements of the current ESSP, and focuses on key areas already part of the parent project that were identified as crucial in the current context. As MINEDH and partners have decided to extend the current Education Strategic Plan 2012-2016 until 2019, the AF would ensure a continuity of the existing plan and programs. Based on these factors, the AF is being proposed as the most appropriate instrument for the project.
- Synergies with Public Financial Management for Results Project (PFM4R):** There will be substantial and instrumental synergies and mutual reinforcement between this AF and the PFM4R under implementation. The PFM4R focuses on key aspects of school management that facilitate better school functioning, in particular in terms of local accountability and financial management, through improved community involvement and supervision by the districts. The AF complements these efforts and goes beyond the financial management aspects of school functioning by supporting the enhanced role and ability of school councils and communities to monitor the performance of the school, while at the same time ensuring adequate financing to schools and districts to support improved service delivery on the ground.

III. Proposed Changes

Summary of Proposed Changes	
The proposed changes can be summarized as follows (a) introduction of a few key new activities with an overall reduction in the number of components and activities to reflect stronger focus on key priorities; (b) extension of the project closing date to December 31, 2018 to ensure continuous implementation of activities; (c) revision of the Results Framework to reflect the above changes; and (d) introduction of a results-based modality for the disbursement of part of the AF.	
Change in Implementing Agency	Yes [] No [X]
Change in Project's Development Objectives	Yes [] No [X]
Change in Results Framework	Yes [X] No []
Change in Safeguard Policies Triggered	Yes [] No [X]
Change of EA category	Yes [] No [X]
Other Changes to Safeguards	Yes [] No [X]
Change in Legal Covenants	Yes [X] No []
Change in Loan Closing Date(s)	Yes [X] No []
Cancellations Proposed	Yes [] No [X]
Change in Disbursement Arrangements	Yes [X] No []
Reallocation between Disbursement Categories	Yes [] No [X]
Change in Disbursement Estimates	Yes [X] No []
Change to Components and Cost	Yes [X] No []
Change in Institutional Arrangements	Yes [] No [X]
Change in Financial Management	Yes [] No [X]
Change in Procurement	Yes [] No [X]
Change in Implementation Schedule	Yes [X] No []
Other Change(s)	Yes [] No [X]
Development Objective/Results	
Project's Development Objectives	
Original PDO The original PDO is to improve access to and, quality and equity of education. No changes to the PDO are proposed.	
Change in Results Framework	
Explanation: The Results Framework would be modified to reflect changes in Components and the extension of the timeline for implementation. Several indicators would be discontinued as a result of the	

reduction in scope and simplification of activities in the AF. More specifically, indicators related to school construction, HIV/AIDS, and capacity building at the central level would be dropped to reflect the discontinuation of associated activities/component.

Moreover, some indicators would be replaced with indicators that align more closely with the focus on the early years of primary education. For instance, the Primary Completion Rate would be replaced with the Retention Rate until Grade 3. Similarly, the transition rate EP2/next level of post-primary will be dropped as it is out of the scope of proposed components. On the other hand, the Results Framework will incorporate key indicators that measure progress on strengthening school management and local governance, including the percentage of primary schools that comply with the standards for transparency and accountability. Finally, the extended timeline would result in updated targets for all indicators.

Compliance

Covenants - Additional Financing (Mozambique Additional Financing to Education Sector Support Project - P151185)

Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
EFAF	Grant Agreement Schedule 2 Section I.B.3.	The Recipient shall appoint, not later than March 30, 2016, and thereafter retain for the duration of the Project, an Independent Verification Agent having qualifications and terms of reference acceptable to the World Bank.		<input checked="" type="checkbox"/>	Continuous	New
EFAF	Grant Agreement Schedule 2 Section I.B.3.	The Recipient shall report on the achievement of the Disbursement Linked Indicators, not later than March 30 of each year during the implementation of the Project.		<input checked="" type="checkbox"/>	Yearly	New

Conditions

Source Of Fund	Name	Type

EFAP	Verification of DLRs	Disbursement
Description of Condition		
No withdrawal shall be made under Category (2) until and unless the Recipient shall have furnished evidence satisfactory to the World Bank, in accordance with the DLI Verification Protocol set out in Section I.B.3 of Schedule 2, that the DLI Target for the respective DLI Period for which payment is requested has been achieved as set forth in Schedule 3 of this Financing Agreement.		
Source Of Fund	Name	Type
EFAP	Verification Protocol	Disbursement
Description of Condition		
No withdrawal shall be made under Category (2) until the DLI Verification Protocol shall have been submitted to the Bank and it has been found satisfactory.		
Risk		
Risk Category	Rating (H, S, M, L)	
1. Political and Governance	Substantial	
2. Macroeconomic	Moderate	
3. Sector Strategies and Policies	Moderate	
4. Technical Design of Project or Program	Moderate	
5. Institutional Capacity for Implementation and Sustainability	Moderate	
6. Fiduciary	Moderate	
7. Environment and Social	Moderate	
8. Stakeholders	Substantial	
9. Other		
OVERALL	Moderate	
Finance		
Loan Closing Date - Additional Financing (Mozambique Additional Financing to Education Sector Support Project - P151185)		
Source of Funds	Proposed Additional Financing Loan Closing Date	
Education for All - Fast Track Initiative	31-Dec-2018	
IDA Grant	31-Dec-2018	
Loan Closing Date(s) - Parent (MZ-Education Sector Support Program - P125127)		
Explanation:		
The closing date would be extended to December 31, 2018. The current closing date of the original ESSP is July 31, 2015. This AF would extend the closing date to December 31, 2018 to ensure adequate time for continued implementation of selected activities. The parent project was approved on April 28, 2011 hence the total length of the project implementation is expected to remain under 8 years.		

Ln/Cr/TF	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)					
IDA-49300	Effective	31-Jul-2015	31-Jul-2015	31-Dec-2018	31-Jul-2015					
IDA-51000	Effective	31-Jul-2015	31-Jul-2015	31-Dec-2018	31-Jul-2015					
TF-99811	Closed	31-Jul-2014	31-Mar-2015	31-Dec-2018	31-Jul-2014, 31-Mar-2015					
Change in Disbursement Arrangements										
Explanation:										
Disbursement arrangements would be revised to include a results-based modality and strengthen the linkages between disbursements and activities. The proposed AF would disburse against the MINEDH’s annual plan of activities for the primary education and institutional development sub-sector. Given that the annual plan of activities of the MINEDH is larger than the scope of the AF, the Bank would carry-out an annual reconciliation of expenditures on the three components and the respective disbursement under the AF. The Bank's total disbursements would not exceed the total of eligible expenditures on three components for the overall project and therefore, the amount of the final disbursement would be adjusted accordingly, if so needed. In addition, one-third of the financing made available through the GPE – or US\$17.4 million - will be disbursed upon achievement of pre-determined results, as presented below. The Disbursement Linked Indicators (DLIs) focus on key areas of priorities linked to equity, learning, and efficiency, and will trigger corresponding disbursements. These DLIs have been identified in agreement with the members of the Local Education Group.										
Change in Disbursement Estimates (including all sources of Financing)										
Explanation:										
Disbursement estimates are being revised to reflect the provision of additional funding through this AF and the extension of the Project Closing date.										
Expected Disbursements (in USD Million)(including all Sources of Financing)										
Fiscal Year	2016	2017	2018	2019						
Annual	40.00	40.00	19.90	8.00						
Cumulative	40.00	80.00	99.90	107.90						
Allocations - Additional Financing (Mozambique Additional Financing to Education Sector Support Project - P151185)										
Source of Fund	Currency	Category of Expenditure	Allocation				Disbursement % (Type Total)			
			Proposed				Proposed			
IDA	XDR	Category 3	36.00				100.00			
		Total:	36.00							

EFAF	USD	Category 1	40.53	70.00
		Category 2	17.37	30.00
		Total:	57.90	100
Components				
Change to Components and Cost				
<p>Explanation:</p> <p>The scope of the project is being narrowed to bring additional focus on current priorities of the MINEDH. The AF would build on existing strategies that have proven to be effective, but the design would be modified to reflect additional emphasis on key priorities and challenges. A selective approach would ensure stronger focus on areas that have been identified as crucial to improving learning outcomes, namely: (i) enhancing school readiness through ECD activities; (ii) improving the learning environment; and (iii) strengthening service delivery through improved local governance and school and resource management.</p> <p>The AF would be reduced to three components out of the original five, and would modify some activities within components. Components 1 (<i>Improving Access to Education</i>) and 3 (<i>HIV/AIDS Prevention and Mitigation</i>) would be discontinued under the project. Component 2 (<i>Improving the Quality of Education</i>) would be streamlined to include activities aiming to improve the quality of education, including: (1) supporting primary education teachers' training activities, both pre-service training and on the job training; (2) supporting affordable production of revised primary school textbooks and learning materials to support the curriculum reform; and (3) supporting ongoing curriculum reform for primary education, monitoring learning outcomes and promotion of action-oriented research, with a focus on development of basic skills in speaking, reading, writing and numeracy. Component 4 (<i>Strengthening Local Governance and School-based Management</i>) would be strengthened to include activities aiming at (1) ensuring the timely provision of Direct Support to School (ADE), and supporting activities aiming to strengthen the oversight of school councils in its efficient and transparent use of ADE; (2) strengthening the technical, institutional and management capacities of district education services within MINEDH by providing operating expenses and training opportunities; and (3) strengthening the capacity of school directors to supervise and support school functioning through the provision of adequate training. Component 5 (<i>Supporting Community-Based Early Childhood Development Activities</i>) would remain unchanged and include the following activities: (1) provision of community-based ECD services in rural areas of selected provinces and districts through the delivery of ECD Basic Service Packages; (2) carrying out of a program to strengthen the Recipient's: (a) policy functions in the area of ECD; (b) implementation capacity to support ECD service delivery; and (c) results-based framework of oversight capacity of both by the MINEDH and Independent Verification Agents (IVAs); and (3) carrying out of: (a) an impact evaluation of ECD activities under the project; and (b) a study of ECD model activities currently being implemented in the Recipient's urban areas including in the city of Maputo.</p> <p>Project financing would be modified in order to reflect the stronger focus on key activities supporting learning outcomes and school management. In particular, the provision of adequate inputs to the learning environment under Component 1 would receive US\$57.7 million additional funding in view of the continuous challenge in upgrading education quality. Moreover, additional funding (US\$50.2 million) would be provided under Component 2 of the AF (previously</p>				

Component 4), to support activities aimed at strengthening local governance, school management and involvement of communities. Finally, Component 3 of the AF, *Supporting Community-based ECD Activities* (previously Component 5) would not receive additional funding; only its timeline would be revised. Taking into account the AF, activities geared towards improving quality and strengthening management and local governance would receive 48 percent and 21 percent respectively, of the overall financing.

Current Component Name	Proposed Component Name	Current Cost (US\$M)	Proposed Cost (US\$M)	Action
Improving Access to Education	Improving Access to Education	52.40	52.40	Marked for Deletion
Improving the Quality of Education	Improving the Quality of Education	89.10	146.80	Revised
HIV/AIDS Prevention and Mitigation	HIV/AIDS Prevention and Mitigation	3.70	3.70	Marked for Deletion
Strengthening Management of the Education Sector Administrative System	Strengthening Local Governance and School-Based Management	15.80	66.00	Revised
Scaling-up Community-based Early Childhood Development	Supporting Community-based Early Childhood Development Activities	40.00	40.00	Revised
	Total:	201.00	308.90	
Other Change(s)				
Change in Implementation Schedule				
Explanation: Implementation schedule is being revised in line with the extension of the closing date.				

IV. Appraisal Summary

Appraisal Summary
<p>Economic and Financial Analysis</p> <p>Explanation:</p> <p>Public spending on education has rapidly increased over the past five years, while contribution of external financing to the overall financing of the sector has steadily decreased. Total expenditure in the education sector almost doubled in nominal terms between 2009 and 2013. In real terms, this indicates an increase of approximately 40 percent, or 8 percent per year, which is in line with the economy's growth rate. While actual budget execution information on expenditures per level of education does not exist, MINEDH estimates that the share of primary education in total education expenditure was 53 percent in 2013, down from 57 percent in 2009. This reduction reflects the expansion of secondary education in line with the development of the sector, benefitting from increased numbers of primary school leavers. The contribution of external financing to the education sector decreased from 29 percent in 2009 to 14 percent in 2013, a significant downward change, in line with the Government's overall goal of reducing its dependence on external financing. During this period, more than 80 percent of external funds were channeled through FASE.</p> <p>From an economic perspective, the AF is well-justified given a wide range of evidence regarding the expected gains from improvements in learning outcomes. Evidence shows that economic private returns to education remain high in Mozambique, especially at the primary level. In fact, recent studies show that Mozambique has one of the highest rates of private return to primary education among Sub-Saharan-Africa (SSA) countries. Although rates of return to primary education have decreased over time, they remain high and higher than in secondary and tertiary education (see Annex 5). In addition, research over the last decade has generated evidence that learning achievements are actually what account for economic growth and poverty reduction, and not just the years of schooling (WB, 2011; Bruns, 2011). Given the importance of basic reading, writing and counting skills on future learning, the focus of the first cycle of education is expected to have an impact in terms of the overall stock of human capital in the country.</p> <p>Given the AF's focus on improving education outcomes at the first cycle of primary education, it is well-aligned with the twin goals of ending extreme poverty and boosting shared prosperity. The latest poverty statistics suggest that around half of Mozambique's population lives below US\$1.25 a day. This population is expected to benefit disproportionately from this operation given that: (i) low retention and dropouts in the first cycle of primary are almost all related to poverty; (ii) it is the poor who are especially harmed by poor service delivery and hence suffer from poor outcomes; and (iii) poor education quality affects the poor disproportionately. Indeed, while literate communities (mostly in cities) have alternatives to acquire basic reading, writing and Portuguese language skills, most (rural) communities do not provide a reading culture due to the high levels of illiteracy and limited access to additional reading materials. Overall, strategies to improve retention and learning outcomes during the early years of primary education are expected to have stronger impacts in the poorer and more rural areas, and thus disproportionate effects in terms of poverty reduction.</p> <p>In addition, the support to ECD activities is expected to have spill-over effects well beyond the education sector. A large and growing body of international evidence demonstrates that the skills developed in early childhood form the basis for future learning and labor market success, and that failure to develop these foundational skills during the window of opportunity of early childhood can lead to long-term, often irreversible effects. International evidence also shows that quality ECD</p>

interventions can: (i) enhance school readiness and related educational outcomes; (ii) improve physical and mental health and reduce reliance on the health care system; and (iii) reduce the likelihood of high-risk behavior among youth, including smoking, risky sexual behavior, substance use and addiction, and criminal and violent activity. The focus of the ECD interventions on rural and poor communities is expected to strengthen the benefit for the poorest.

Technical Analysis

Explanation:

This AF proposes to tackle key issues that contribute to the learning crisis reflected in the poor learning outcomes at the end of the first cycle. Although there are various underlying causes to the lack of progress in enhancing learning outcomes in Mozambique, evidence shows that the following aspects are key contributors to the poor performance of the system: (a) poor retention, in particular in the first cycle of primary education; (b) inadequate learning environment, particularly at the classroom level; and (c) major deficiencies in school management. These issues are self-reinforcing. In particular, the issues of low retention and completion are seen primarily as a result of the perceived low value of education at the individual level. This in and of itself is driven by a weak learning environment and major deficiencies in the functioning of the schools which significantly hinder the teaching and learning process, hence lowering the marginal benefit of an additional year of education.

Component 1 (Improving the Quality of Education) – US\$ 57.7m - will contribute to improving learning outcomes by addressing the weaknesses in the learning environment, particularly in relation to teacher training. As local and international evidence shows, the main driver of the variation in student learning at schools is related to the quality of the teachers. In particular, developing teachers into effective instructors by providing them with continuous opportunities to upgrade their skills through adequate pedagogical support, has been found to be a crucial component of successful school systems across the world. While much progress has been achieved in Mozambique with regard to initial training, teachers often lack the pedagogical skills to take it a step further and apply what they have learned. This component will continue to support the improvement of the existing pre-service training programs as well as interventions aimed at upgrading teachers' skills through in-service training. Specific attention will be given to the development of a new in-service training program that focusses on 1st and 2nd grade primary school teachers which will benefit from earlier experiences gained from in-service teacher training programs operated throughout the country, such as *Osuwela* and *Crescer*. The program will be designed and tested in 2015, and gradually introduced in 2016, with adjustments made on a yearly basis, based on initial experiences.

19. In line with local and international best practices, teacher upgrading would be accompanied by other measures geared to enhancing the quality of education. Strengthening the capacity of teachers cannot be done in isolation, and experience shows that an integrated approach to enhancing the learning environment is more likely to bring about significant and sustainable improvements in learning and teaching. In line with this finding, in addition to the development and roll-out of a scaled up in-service teacher training program, the proposed AF would support ongoing reforms initiated under the current project, that involve: (i) streamlining the curriculum to increase learning time in language learning (reading, writing and speaking) and mathematics, as well as to promote an integrated approach to life skills; (ii) designing dedicated learning materials to support the implementation of the revised curriculum, as well as the acquisition of additional learning materials; (iii) enhancement of the capacity of training institutes to ensure their efficient and effective delivery of pre-service, in-service and professional development of teachers; and (iv) supporting the

development and application of learning assessment instruments, and, where feasible, action-oriented research and sharing of best practices.

20. Component 2 (Strengthening Local Governance and School-based Management) – US\$ 50.2m - is expected to have a positive impact on retention and learning outcomes and to improve the overall efficacy of the sector through strengthening local governance and accountability. The AF supports a three-pronged approach to enhance school functioning, that involves: (i) ensuring the transparent allocation and timely provision of the Direct Support to School program (ADE) to primary schools to facilitate and strengthen the oversight of school councils in its efficient and effective application; (ii) increasing effectiveness of school supervision by SDEJTs; and (iii) strengthening the capacity of school directors to supervise and support school functioning. Strengthening the performance and accountability of school councils is expected to contribute to improved retention and learning outcomes through increased participation and oversight of communities in (i) the preparation and implementation of school development plans, (ii) the efficient and effective use of resources, human and financial, as well as (iii) the monitoring of results measured by student performance. In addition, increased and more targeted supervision by district officers (SDJETs) as well as enhanced capacity of school directors are necessary to improve school functioning. This component will build on strong synergies and instrumental complementarities with the PFM4R whose education component is implemented under the MINEDH's leadership. While the PFM4R focuses on the development of the instruments and processes and the introduction of incentive structures to enhance the oversight role of school councils and district officers, the AF will ensure sufficient resources are allocated to schools to provide adequate learning inputs, and to district offices to be able to provide supervisory support to schools.

Component 3 (Supporting Community-based ECD Activities) – no additional financing - would contribute to improving retention and learning outcomes through enhanced school readiness. Lack of school readiness upon primary school entry (at age 6) is a major concern in Mozambique, particularly among the poorest children. Previous analysis highlighted the extensive cognitive and linguistic delays of disadvantaged 3 to 5-year old children, with serious implications in terms of school readiness and completion. These delays in early childhood lead to costly inefficiencies in the sector and are difficult to reverse later in life. The proposed continued support to ECD activities is expected to yield significant benefits in the short and long term, both at the individual and system level. The activities under this Component would include (i) the provision of community-based ECD services in rural areas of selected provinces and districts, (ii) technical and institutional capacity building, and (iii) the generation of rigorous evidence on the impact, sustainability and reliability of ECD activities in Mozambique.

The interventions proposed under this AF are crucial to the improvement of learning outcomes, and would be complemented by other key activities under the overall framework of the ESSP, financed from different sources. The activities described above are part of an overall package of interventions supported by domestic and external funds. The education sector applies an integrated approach to planning, budgeting and monitoring in support of the implementation of the Education Strategic Plan. As such, beyond the AF contribution in the referred areas, FASE will continue to support the decentralized school construction program contributing to progressively filling some of the existing gaps in infrastructure. Similarly, it will continue to support overall institutional and implementation capacity building, focusing on strengthening local capacity to more effectively and efficiently manage the education system on the ground as a key enabler to the success of the ESSP. Finally, FASE will support the expansion of bilingual education, key to improving learning outcomes. Internal and external monitoring and evaluation processes focus on the sector as a whole, focusing on key interventions as identified in the ESP, independent of the particular funding source or

modality. It is in this context that the AF has been formulated strategically to provide an additional focus on specific areas that should have a direct impact on student learning in the first two classes of primary education.

Social Analysis

Explanation:

The proposed AF does not introduce new social risks and foreseen social impacts are in general likely to be positive. The parent project (P125127) and the first AF (P124719) were classified Category B with respect to social consideration. The proposed AF will finance the same type of activities under the first AF, under Component 3: Supporting Community-based Early Childhood Development. In line with this, no changes in safeguards classification are proposed. Overall, the AF project will bring more positive impacts than negative ones. Adequate mitigation measures are already embedded in the available safeguards documents prepared under the parent project which will ensure adequate safeguards compliance. The proposed AF will not finance any construction activity, however it will still be part of FASE which will continue to invest in small infrastructure.

Although no land acquisition and physical displacement is expected, OP/BP 4.12 will be triggered to manage compensation requirements should land acquisition be necessary and ensure that aspects related to gender and vulnerable groups mainstreaming are adequately considered during project implementation, particularly under Components 1 and 3. The Resettlement Policy Framework (RPF) addresses OP/BP 4.12 basic requirements. The RPF prepared under those policies for the first ESSP AF has been duly updated and remains valid to provide detailed guidance on social management mechanism, monitoring and evaluation mechanisms as well as on conflict resolution/grievance redress mechanism.

Environmental Analysis

Explanation:

The proposed AF does not introduce new environmental risks and foreseen environmental impacts are in general likely to be positive. The parent project (P125127) and the first AF (P124719) were classified Category B with respect to environmental consideration. The proposed AF will finance the same type of activities under the first AF under Component 3: Supporting community-based Early Childhood Development. In addition, as was the case under the parent project, school construction is expected to be financed under FASE, the pooled fund through which the proposed AF will be channeled. Consequently, no changes in safeguards classification are proposed.

Hence, the AF will remain a category B project and will trigger the following safeguards policies: OP/BP 4.01 - Environmental Assessment and OP/BP 4.09 – Pest Management. Adequate mitigation measures are already embedded in the available safeguards documents prepared under the parent project which will ensure adequate safeguards compliance. The AF will use the safeguards instruments (ESMF and RPF) prepared and disclosed in 2011 and 2012 respectively for its parent project. The ISDS was updated and re-disclosed both in-country and at the InfoShop prior to presentation to the Board and any site specific ESMP and RAP will be prepared and implemented accordingly when details and characteristics of the location are known or should land acquisition occurs. This will ensure that any potential risks as a result of the foreseen adverse impacts resulting from construction activities of the FASE are adequately considered and dealt with accordingly. The ESMF addresses OP/BP 4.01 and OP 4.09.

The Client and the Project Coordination Unit have acquired considerable experience with World Bank projects and are familiar with implementation and supervision procedures recommended under safeguards policies triggered by this AF. The Client and its key stakeholders (PIUs, Contractors, Ministry of Land, Environmental and Rural Development (MITADER) and Local Administration) have been trained through three regional workshops aiming at improving the understanding of World Bank safeguards policies as well as the implementation and reporting requirements. Trainings were also provided to Third Party Providers (TPPs) to align the basic safeguards requirements throughout the AF project implementation. The current project also benefits from the presence of two safeguards specialists (social and environmental) in the PIU who have gathered considerable skills and competencies needed to ensure the compliance of the safeguards policies. The two safeguards specialists will continue to work under close guidance and supervision from the World Bank safeguards team.

The Borrower had prepared, consulted on and disclosed a number of Environmental and Social Management Plans (ESMP) for infrastructure in country and in Infoshop. The ESMPs have constituted an integral part of the ESC (Environmental and Social Clauses) for the civil works contracts. In addition, screening, monitoring and reporting forms were prepared and tested in each province prior to the series of regional safeguards trainings and the forms are now annexed to the ESMPs. While implementing the ESMPs, the borrower has systematically issued reports. No major impacts have been reported and best practices related to environmental and social aspects were adopted which include the preservation of native trees in the schoolyard; integration of female workers in the construction process; and integration of appropriate ramps to allow accessibility for disabled persons. As part of the results of the implementation of ESMPs, the Work Identification Form now includes specific environmental and social issues to each school infrastructure under construction. These are lessons learnt from FASE activities which are now embedded within MINEDH. During appraisal of this AF, the safeguards team confirmed that MINEDH have adopted and implemented these. The current AF will benefit from this accumulated experience and incorporate lessons learnt from the parent project.

Risk

Explanation:

Implementation risks are considered Moderate, and include mostly the risks of non-compliance and delays in applying fiduciary and safeguards procedures, as well as weaknesses in existing implementation capacity. Weaknesses in the implementation of safeguards principles were noted during the lifetime of the parent project, and substantial efforts in training and support were made to redress the situation. Still, compliance in terms of fiduciary and safeguards policies remains a challenge given the size of the overall FASE. Procurement processes are particularly vulnerable, with the risks of accumulating delays. This has been managed relatively well under the parent project, notably with the support of a strong procurement team at the MINEDH, who are well versed with Bank procedures. Another factor of risk during implementation is related to capacity, particularly at the local level, which the *Balanço* highlights as being a major constraint to better results. Enhancing this local capacity is an integral part of the MINEDH's overall strategy to improve service delivery, using a three-pronged approach that involves: i) training and other capacity building activities; ii) performance-based incentives; and iii) allocation of resources to improve the working environment.

V. World Bank Grievance Redress

21. Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Annex 1: Updated Results Framework and Monitoring Indicators

Project Development Objective - Additional Financing (AF): Improve Access to and, Quality and Equity of Education.

PDO Level Results Indicators	Core	UOM	Baseline Original Project Start (2010)	Progress To Date (2014)	Cumulative Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection
					2015	2016	2017	2018			
1) Net enrollment rate of 6 years olds in Grade 1		Percentage	70%	81%	80%	81%	82%	83%	Annual	Annual survey, (3/3), population projections – INE All school type	MINED H/DIPLAC
2) Retention Rate until 3rd Grade		Percentage	-	70%	71%	72%	73%	75%	Annual	Annual survey (3/3), public education only	MINED H/DIPLAC
3) Parity Index of the Retention Rate until Grade 3 between highest and lowest provinces		Number	-	0.61	0.61	0.62	0.63	0.64	Annual	Annual survey (3/3), public education only	
4) Number of additional qualified primary teachers resulting from project interventions	x	Number	0	14,722	21,200	27,700	34,200	40,700	Annual	Annual survey (3/3), graduates from Teacher Training Institutes (Public and Private)	MINEDH/ DIPLAC
5) Percentage of students (grade 1 and 2) with Portuguese and Mathematics textbooks		Percentage	-	82.6%	84%	86%	88%	90%	Annual	Annual survey (3/3), public education only	MINED H/DIPLAC
6) Proportion of complete primary schools that comply with		Percentage	-	0	0	50%	60%	75%	Annual	SDEJTs report, consolidated by DPECs,	MINED H/DIPLAC

standards for transparency and accountability ⁵										integrated into MINEDH annual progress report	
7) Direct Project beneficiaries	x	Number	6,117,794	5,678,980	5,870,000	6,065,000	6,260,000	6,650,000	Annual	Annual survey (3/3) Annual target that includes all pupils and teachers benefitting from the project, public education only.	MINEDH/DIPLAC
8) Of which female (beneficiaries)	x	Percentage	47.2	47.6	47.7	47.8	47.9	48.0	Annual	Annual survey (3/3), public education only	MINEDH/DIPLAC
Intermediate Indicator											
9) Numbers of teachers (1st cycle – grade 1 and 2) with in-service training		Number	-	0	Program me elaborated, tested and adjusted	1,650	8,250	23,250	Annual	IFP reports, integrated in MINEDH annual progress report	MINEDH/DIPLAC
10) Implementation of new textbooks operational plan		Text	NA	Updated operation plan approved	ICB for Grade 3 textbooks	First printing of Grade 1 workbooks	First printing of Grade 2 workbooks	Solicitation for printing of revised Grade 1 teacher guide	Annual	MINEDH annual progress report	MINEDH/DIPLAC

⁵ Indicator (6) is indicative of citizen engagement as the standards for transparency and accountability provide for involvement of parents and communities in the decision-making process over the school activity plan, part of it being financed through school grants provided under this operation

11) System for learning assessment at the primary level	x	Text	No	1 st National Assessment of Grade 3 Reading (in 2013)	Instrument Testing for 2 nd national Assessment in 2016, reading and maths	Implement second national assessment, reading and maths (3 rd grade)	Disseminate report and results to central, provincial and district levels	Test instruments for 2019 national assessment	Annual	MINEDH annual Progress report	MINED H/DIPL AC
12) Utility of the learning assessment system	x	Number	0	2	2	3	4	4	Annual		MINED H/DIPL AC
13) Percentage of Complete Primary Schools supervised by the SDEJTs		Percentage	-	0	0	25%	50%	75%	Annual	MINEDH annual Progress report, based on reports from SDEJTs and DPECs	MINED H/DIPL AC
14) Number of primary school directors having participated in directors training		Number	-	0	Evaluate, Revise and Consolidate the Program	800	1,800	3,000	Annual	MINEDH annual Progress report	MINED H/DIPL AC + Third party
15) Percentage of the newly trained primary school directors having their performance evaluated in the following year		Percentage				10%	20%	35%	Annual	MINEDH annual Progress report	
16) Percentage of Complete Primary Schools with ADE funds available before February 28 of each year		Percentage	-	0	0	50%	75%	90%	Annual	e-Sistafe	MINED H/DIPL AC

17) GPI upon 1st grade entry in ECD participating districts		Number	0.92	0.92	0.93	0.94	0.95	0.96	Annual	Annual school survey (3/3)	MINED H/DIPL AC
18) Number of parents/caregivers enrolled in the parenting information sessions		Number	0	0	10,500	24,500	42,000	42,000	Annual	MINEDH annual Progress report	MINED H/DIPL AC
19) Percentage of which male		Percentage	0.00%	0.00%	0.00%	20.00%	30.00%	30.00%	Annual	MINEDH annual Progress report	MINED H/DIPL AC
20) Percentage of operating ECD centers that are rated of satisfactory quality or above		Percentage	0.00%	0.00%	0.00%	50.00%	70.00%	70.00%	Annual	MINEDH annual Progress report	MINED H/DIPL AC

Annex 2: Systematic Operations Risk-rating Tool

Risk category	Rating
1. Political and Governance	Substantial
2. Macroeconomic	Moderate
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Moderate
6. Fiduciary	Moderate
7. Environment and Social	Moderate
8. Stakeholders	Substantial
9. Other	
OVERALL	Moderate

The ratings for risks associated with the Political and Governance and Macroeconomic categories are common to all WBG financed operations and are informed by the WBG analysis on Mozambique's performance in such categories. Risks related to Sector Strategies and Policies, Technical Design of Project or Program, Institutional Capacity for Implementation and Sustainability is assessed Moderate given the sound basis for the formulation of the PEE, its ownership by MINEHD and its partners, as well as complete alignment between the project and the Sector Strategy. Similarly, satisfactory implementation of the parent project in terms of fiduciary and safeguards warrants a moderate risk for the AF on the same aspects. The substantial shift supported by this operation towards increased involvement of communities and parents in school functioning will need to be carefully monitored to ensure success. Moreover, the channeling of the grants through FASE, which is funded by ten partners, involves substantial coordination and contributes to elevate the Stakeholders risks to Substantial. The overall risk rating proposed for the operation is Moderate.

Annex 3: Updated Technical Appraisal

(i) *Updated Description of the Sector*

1. **As described in the *Balanço*, substantial progress has been made in the last decade to increase access to primary school education.** Mozambique has made significant progress in improving equitable access to education. Between 2009 and 2014, net enrollment of 6 year old children increased from 67 percent to 81 percent and every year more children are in the education system overall. Gender parity is improving, with 47.4 percent of all students being female and a Gender Parity Index upon Grade 1 entry that has stabilized at a relatively high level of 0.94. Socio-economic equity is also improving, with a progressive reduction in gaps between the richest provinces of the South and the poorest provinces of the North in terms of schooling access.

2. **The number of primary teachers has steadily increased, and the share of teachers with no training has rapidly fallen.** Between 2009 and 2014, the number of primary teachers throughout Mozambique increased by around 20,500. This represents a 26 percent increase in teachers as compared to the 13 percent increase of primary school enrollment during the same period resulting in lower student to teacher ratios. From 2009 to 2014, the student to teacher ratio for primary school decreased from 69/1 to 62/1. Particular emphasis was placed on those provinces with the highest student to teacher ratios (Nampula and Zambezia). In these two provinces, the average student to teacher ratio decreased from 82/1 to 70/1 between 2009 and 2014. In addition, due to the introduction of the new primary teacher-training module, the number of primary teachers without training decreased from 29 percent (2009) to 10 percent (2014).

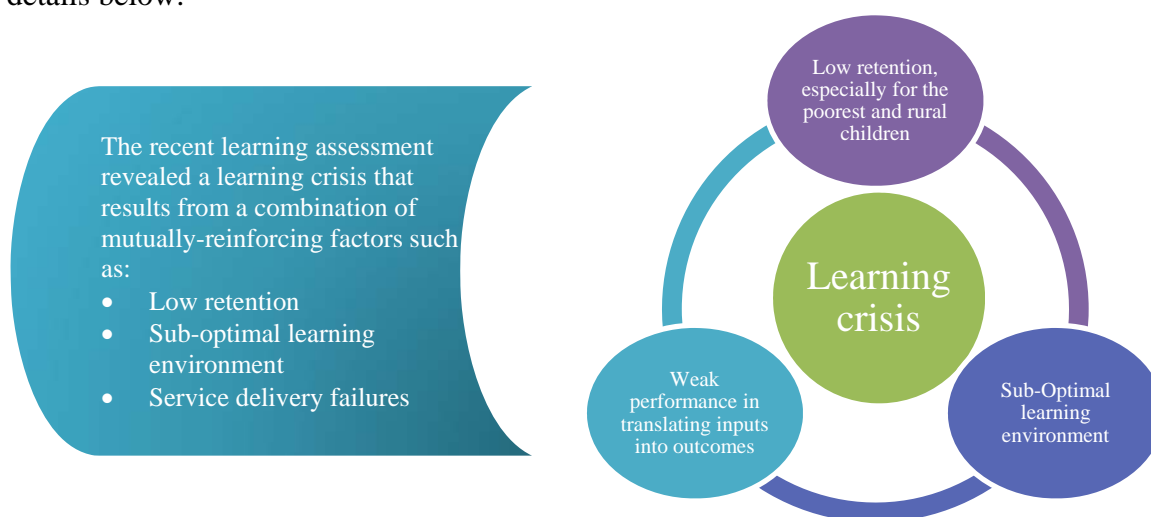
3. **Between 2009 and 2014, the number of classrooms increased by 8,403, through joint efforts of communities, the Government and its local and international partners, reducing supply side constraints.** Over this period, significant changes were made in terms of improved management and supervision of the civil works at the provincial level, resulting in improved quality and expected durability of the classrooms (the percentage of precarious classrooms reduced from 50 percent to 45 percent in this period). In recent years, the pace of primary school construction has accelerated and improved access to safe primary schools (conventional construction) continues to grow. There remain, however, substantial issues (including a lack of supervision and monitoring which have had consequences in terms of quality and timeliness) related to school construction, which have impeded the overall implementation capacity of these activities.

4. **The allocation and availability of school materials has also vastly improved over the past five years.** Between 2009 and 2014, the government procured and distributed close to 13 million primary school textbooks a year. As a result, the ratio of student to textbooks increased from 1.9 to 2.2. In addition, through the ADE program, school materials were also made more readily available to students, and investment through ADE increased from 96 meticaïs per student in 2009 to 101 meticaïs per student in 2014.

5. **Yet, learning outcomes remain particularly weak, particularly at the lower primary education level, as evidenced in the recent learning assessment.** Evidence of the importance of acquiring basic reading and numeracy skills early in life has been shown in multiple contexts. A strong foundation is crucial for success in reading and mathematics in the later years. Yet, learning outcomes

remain dramatically low in Mozambique. According to the 2013 national reading assessment, less than 7 percent of grade 3 students have acquired the required reading skills at the end of grade 2. Similarly, the Southern and Eastern African Consortium for Monitoring Educational Quality (SACMEQ) study from 2007 indicated that most students in grade 6 have not developed the necessary basic literacy and numeracy skills to guarantee their academic success at higher levels of education. Weak acquisition of critical skills in the first cycle of primary education is a key constraint to the long term improvement of academic achievement and the development of the skills necessary to succeed later.

6. **The low performance of the system is due to a variety of reasons, in particular low retention, inadequate learning environment and severe deficiencies in service delivery.** The figure below summarizes key contributors to the learning crisis in Mozambique, each of them is reviewed in more details below.



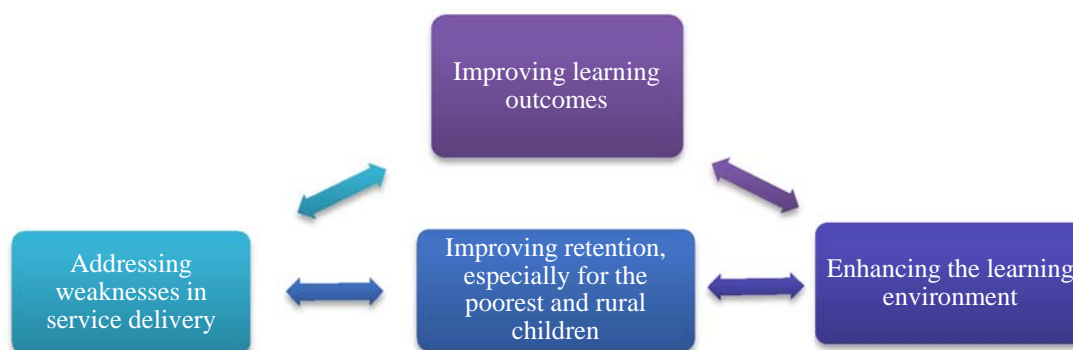
7. **Retention rates are low at all grades of primary education, particularly for the poorest and rural communities.** In general, movement through primary school in Mozambique often starts late and progresses slowly, resulting in delays in completion and low completion rates. Recent data shows high dropout rates, with around 70 percent of all students who attended 1st grade in 2012 entering 3rd grade in 2014. Retention rates for students from 1st to 7th grade also dropped from 44 percent (2002-2008) to 36 percent (2008-2014). Location and wealth-based disparities in Mozambique on both a national and local level are higher than those found in other comparable countries. Completion rates in primary education are especially low for the poorest quintile of households of rural populations. Primary attendance for the poorest households on a national level in Mozambique is 64 percent (as compared to 91 percent in the wealthiest households.) The average gap between primary net attendance in urban and rural areas is 12 percent (and as high as 17 percent in the most rural provinces.) Furthermore, recent studies show that children from the worst performing province are almost 8 times as likely to be out of school as children from the best performing province.

8. **Education quality remains sub-optimal. In particular, most teachers do not possess adequate teaching skills.** Following the expansion of the school system, Mozambique created a ‘fast-track’ one-year primary teacher training program in 2008, where candidates are required to have completed Grade 10 (lower secondary school). As a result, the sector ensured that, as of 2009, all newly hired teachers had a minimum level of pedagogical training. However, various analyses underline the

insufficiency of a single year of training to develop the necessary skills to teach effectively. In addition, the existing training is limited in terms of transitional skills, which hinders application at classroom level. Although the provision of textbooks has improved substantially, there exists some disparity across regions, which affects the overall quality of education.

9. **Deficiencies in service delivery hinder the transformation of inputs into learning outcomes.** Despite sustained public investment in the sector over the past few years, the sector has partly failed to translate additional inputs into better learning outcomes. Substantial efforts are needed in order to tackle the multiple causes of inefficiency in the system. Although more evidence is needed, already, there is a consensus emerging locally on the influence of key factors such as teachers' absenteeism in reducing the impact of existing resources on learning. In some provinces, teachers' absenteeism is said to reach 60 percent, negatively affecting time on task and instructional time. In addition, various studies and supervision missions indicate that the role of school directors needs to be reinforced both in terms of pedagogical support and supervision, and point to the need to strengthen other key component of local governance, such as district officers.⁶

10. **In response to these challenges, the GoM identified priority interventions that have the most potential to improve learning outcomes.** The proposed interventions are based on a thorough review of available local and international evidence and best practices. They have been identified in a consultative manner, incorporating lessons from previous experience and factoring in the local context and political economy considerations. They include focusing on enhancing the learning environment, addressing local governance issues, and supporting increased retention (including through the other two areas) to improve learning outcomes. Evidence on the rationale for selecting these interventions, and underlying activities, is presented in more detail below.



11. **Improving retention at the lower level of primary requires a multi-pronged approach, taking into consideration specific constraints faced by the poorest households.** The literature shows that dropping out from school is influenced by a multitude of factors, and highlights in particular the determinant influence of poverty and opportunity costs on schooling decisions (Hunt, 2008).⁷ In

⁶ A recent evaluation made by USAID in Mozambique highlights the importance of strengthening the supervision and accountability system to reduce absenteeism rates for school directors, teachers and students (USAID, 2014).

⁷ For instance, Hanushek, Lavy, and Hitomi (2006) found that lower quality schools, measured by lower value-added to cognitive achievement, lead to higher dropout rates in Egyptian primary schools.

addition to reducing opportunity costs, the considerable number of over-aged pupils in primary school in Mozambique calls for specific interventions aimed at improving school readiness to increase retention. Improving retention at the first cycle of primary is expected to contribute to reducing inequality, since early dropout is especially a concern in poorest communities. Therefore, it is proposed to address the low retention through: (i) improvements in school readiness,⁸ through the provision of ECD to communities in rural areas;⁹ (ii) improvements in the quality of education, which is in turn expected to reduce opportunity costs and stimulate the demand for schooling, especially for the poorest and rural families¹⁰; and (iii) stronger involvement of communities and parents in the functioning of the schools which is also expected to stimulate the demand for schooling.¹¹

12. An integrated approach is expected to have stronger results on enhancing the learning environment. As evidence shows, the main driver of the variation in student learning at schools is the quality of the teachers. In particular, developing teachers into effective instructors and providing them with continuous opportunities to upgrade their skills through adequate pedagogical support has been found to be a crucial component of successful school systems across the world. Yet, strengthening the capacity of teachers cannot be done in isolation; experience shows that an integrated approach to enhancing the learning environment is more likely to bring about significant and sustainable improvements in learning and teaching¹². In line with this finding, the following interventions are deemed crucial to enhance quality of education: (i) sustained efforts to upgrade teaching skills, with a focus on key reading, writing and numeracy skills, as well as effective classroom instruction;¹³ (ii) curriculum streamlining to increase learning time in language and mathematics; (iii) provision of adequate learning material to support the other two interventions above; (iv) continuous monitoring and evaluation of learning outcomes, to inform on the impact of these changes, and adjust as needed; and (v) strengthening the role of directors as school managers and providers of pedagogical support.

13. Evidence shows the importance of strengthening school based management and local governance to address service delivery issues.¹⁴ Numerous studies document the impact of local governance on service delivery improvement, and furthermore, on access and retention in school.

⁸ Various studies have highlighted the impact of school readiness and late enrollment on a child's likelihood to remain in school through the whole primary education phase. See for instance Wils (2004), Lewin (2009) and UNICEF (2013).

⁹ In the Mozambican context, ECD has shown to have positive results on school readiness. For example, the baseline of a World Bank supported impact evaluation of a rural community-based ECD programs in Mozambique highlighted that children who participated in the community-based ECD intervention between age 3 and 5 were more likely to enroll in primary school and do so at the right age of six. These children were also better prepared to learn, as they performed significantly better on measures of cognitive, fine motor, and socio-emotional development than children in the control group (World Bank, 2011).

¹⁰ This is particularly true in poorest and rural areas, where the demand for child labor is stronger than in urban areas in the early years resulting in higher opportunity costs. The perceived low value of education, resulting from poor quality of education, contributes to further increasing opportunity costs by reducing the anticipated benefits of attending school. Improving education quality is therefore key to reducing early dropouts. See for instance, Aderuccio (2010), Ananga and Dunne (2013), Handa and Simler (2005), UNICEF (2013).

¹¹ A wide range of the literature points towards household perceptions and values of education as instrumental in determining the likelihood of a child completing primary school (Hunt, 2008; Handa and Simler, 2005; Roby, Lambert and Lambert 2008; UNESCO/UNICEF, 2005).

¹² Patrinos, H.A., Velez, E. And Wang, C. (2013)

¹³ A large body of research shows that teacher quality is the main school-based predictor of student achievement (Hanushek, 2011; Hanushek and Rivkin, 2012)

¹⁴ School Councils (comprised of school management, teachers, and members of the community) are widely seen to have an extremely positive impact on transparency, improving communication between the school and the wider community.

Strengthening the performance and accountability of school councils is expected to contribute to increasing participation and oversight of communities in the preparation and implementation of school development plans, and the use of resources, both human and financial.¹⁵ This in turn would have a positive impact on the quality and availability of services rendered to pupils, including through increased teachers' presence and time on task. In addition, increased and more targeted supervision by district officers (SDJETs) as well as enhanced capacity of school directors has been shown to be crucial to improving school functioning and learning outcomes.¹⁶ Therefore, the following three-pronged approach is proposed in order to consolidate recent progress in school based management and contribute to strengthening service delivery: (i) ensuring the transparent allocation and timely provision of resources, including textbooks, but also through the ADE to primary schools to facilitate the oversight of school councils in its efficient and effective application; (ii) increasing effectiveness of school supervision by SDEJTs; and (iii) strengthening the capacity of school directors to supervise and support school functioning.

14. The interventions supported by this AF are crucial to the improvement of learning outcomes, and would be complemented by other key activities under the overall framework of the ESSP, including the PFM4R. The activities described above are deemed essential and urgent to enhance the performance of the system, and are part of an overall package of interventions supported by domestic and external funds. In particular, a substantial program of school construction will continue under FASE, which will contribute to progressively fill some of the existing gaps in infrastructure. Similarly, interventions aimed at strengthening the implementation capacity of the MINEDH at central and decentralized levels is expected to be a key enabler to the success of the ESSP. Finally, continuous attention to bilingual education also remains high on the agenda of the MINEDH and cooperating partners. Progress on these various components will be crucial to the success of this AF. Moreover, the AF complements and reinforces the focus of the PFM4R on local governance. While FASE, through the AF, ensures adequate funding to schools and districts to ensure their basic funding in terms of buying learning materials, support to vulnerable children, and school supervision, the PFM4R supports specific activities in the area of institutional capacity building, particularly at district level, and focuses on the provision of additional funding/incentives to be used at institutional level to improve the school environment and support local governance.¹⁷

¹⁵ A evidence suggests that autonomy and accountability-driven reforms could improve students' learning outcomes (Patrinos and Fasih 2009; Bruns, Filmer and Patrinos 2011; Carnoy et al. 2008).

¹⁶ A recent impact evaluation by USAID of a reading intervention in two provinces in Mozambique showed that a group of students who received improved reading instruction and who studied in schools where the school director had received training and coaching (on school management and its tools) outperformed students in reading skills who attended schools that did not receive either treatment, or whose school directors did not receive training.

¹⁷ The MINEDH opted to use PforR funds primarily as additional funding (incentives) to schools, SDEJTs, DPECs and MINEDH to reinforce annual budget to implement priority actions (for example, if schools perform well, they receive additional funding through ADE on top of funding provided through the AF contribution).

(ii) *Detailed Description of Modified or New Project Activities*

15. **The scope of the project is being narrowed to bring additional focus on current priorities of the MINEDH.** The AF would build on existing strategies that have proven to be effective, but the design would be modified to reflect additional emphasis on key priorities and challenges. A selective approach would ensure stronger focus on areas that have been identified as crucial to improving learning outcomes, namely: (i) enhancing school readiness through ECD activities; (ii) improving the learning environment; and (iii) strengthening service delivery through improved local governance and school and resource management.

16. **The AF would be reduced to three components out of the original five, and would modify some activities within components.** Components 1 (*Improving Access to Education*) and 3 (*HIV/AIDS Prevention and Mitigation*) would be discontinued under the project. Component 2 (*Improving the Quality of Education*) would be streamlined to include activities aiming to improve the quality of education, including: (1) supporting primary education teachers' training activities, both pre-service training and on the job training; (2) supporting affordable production of revised primary school textbooks and learning materials to support the curriculum reform; and (3) supporting ongoing curriculum reform for primary education, monitoring learning outcomes and promotion of action-oriented research, with a focus on development of basic skills in speaking, reading, writing and numeracy. Component 4 (*Strengthening Local Governance and School-based Management*) would be strengthened to include activities aiming at (1) ensuring the timely provision of Direct Support to School (ADE), and supporting activities aiming to strengthen the oversight of school councils in its efficient and transparent use of ADE; (2) strengthening the technical, institutional and management capacities of district education services within MINEDH by providing operating expenses and training opportunities; and (3) strengthening the capacity of school directors to supervise and support school functioning through the provision of adequate training. Component 5 (*Supporting Community-Based Early Childhood Development Activities*) would remain unchanged and include the following activities: (1) provision of community-based ECD services in rural areas of selected provinces and districts through the delivery of ECD Basic Service Packages; (2) carrying out of a program to strengthen the Recipient's: (a) policy functions in the area of ECD; (b) implementation capacity to support ECD service delivery; and (c) results-based framework of oversight capacity of both by the MINEDH and Independent Verification Agents (IVAs); and (3) carrying out of: (a) an impact evaluation of ECD activities under the project; and (b) a study of ECD model activities currently being implemented in the Recipient's urban areas including in the city of Maputo.

Table 1: Changes to Components and Activities under Additional Financing

Current Project	Additional Financing
<ul style="list-style-type: none"> • Component 1: Improving Access to Education • School construction 	Discontinued
<ul style="list-style-type: none"> • Component 2: Improving the Quality of Education • Curriculum Reform for Primary Education • Teacher Training for Primary Education • Production and Distribution of Free Primary Schools Books • Direct Support to School Program (ADE) • Subsidies for Literacy Workers 	<ul style="list-style-type: none"> • Component 1: Improving the Quality of Education • 1.1 Teacher Training for Primary Education • 1.2 Production of Revised Primary Schools Books and Learning Materials to Support the Curriculum Reform • 1.3 Curriculum Reform for Primary Education and Monitoring Learning Outcomes and Promote Action-Oriented Research
<ul style="list-style-type: none"> • Component 3 : HIV/AIDS Prevention and Mitigation 	Discontinued
<ul style="list-style-type: none"> • Component 4: Strengthening Management of the Education Sector Administrative System Management 	<ul style="list-style-type: none"> • Component 2: Strengthening Local Governance and School-based Management • 2.1 Strengthening School-based Councils and provision of Direct Support to Schools (ADE) • 2.2 Enhancing the Support and Supervision at the District and School level • 2.3 Training of School Directors
<ul style="list-style-type: none"> • Component 5: Scaling Up community-based ECD • Provision of Community-Based ECD Services in Rural Areas of Selected Provinces and Districts through the delivery of ECD Basic-Service Packages • Technical and Institutional Capacity Building • Knowledge Building 	<ul style="list-style-type: none"> • Component 3: Supporting Community-Based ECD Activities • 3.1 Provision of Community-Based ECD Services in Rural Areas of Selected Provinces and Districts through the delivery of ECD Basic-Service Packages • 3.2 Technical and Institutional Capacity Building • 3.3 Knowledge Building

Component 1: Improving the Quality of Education – US\$57.7 Million

17. **This component aims to contribute to further enhancement in education quality, especially in the first two years of education.** With focused project interventions, effective teaching would improve and better student results, particularly in grades 1 and 2 measured by the national reading assessment test, would be expected. To achieve this objective, the project will introduce new activities and continue with activities successfully begun in the project's initial phase in curriculum development and assessment, supply of educational materials supporting the curriculum, and the training of teachers and school leaders.

Subcomponent 1.1 Teacher Training for Primary Education – US\$18 Million

18. **The specific objective of this subcomponent is effective learning and teaching at classroom level.** Supervision missions highlight concerns with ineffective classroom teaching. In addition, a recent study¹⁸ shows low levels of knowledge of subject content among primary teachers. The project's teacher training subcomponent aims to confront these obstacles directly. To increase the teacher's subject knowledge, the MINEDH is currently testing out a three-year pre-service teacher training program. This pilot will be evaluated and based on the results of the evaluation, the experiences with the current program (one-year), as well as results of learning assessments and classroom observation, existing programs will be revised. The expected roll-out of a revised program will be as of 2018-2019. Further, all primary teachers, especially those in grades 1 and 2, will undergo training in-service, and school directors will receive capacity training on school leadership. In addition, support will be provided to Teacher Training Institutes (IFPs) to enhance their capacity to deliver effective pre- and in-service training programs.

19. **Pre-service teacher training programs will be consolidated.** An effective pre-service teacher-training program is being developed for the Teacher Training Institutes (IFPs), focused on improving instruction and learning outcomes. The piloting of the new, three-year pre-service training program (10+3) was initiated in 2012 in a select number of IFPs and will be evaluated in 2015/2016. The pilot requires two years of content and pedagogy and one full year of school experience (practice teaching). The experiences and lessons learned from the current, one-year pre-service program (10+1), the evaluation of the 3 year pilot program, and other recent assessments, would inform the revision of existing programs, and the cost (financial and institutional) of its introduction to all 22 IFPs would be estimated. An implementation strategy with detailed roll-out plans would be formulated and presented for Ministerial approval, in time for adoption at all IFPs by 2019. This activity would be coordinated by the National Directorate for Teacher Formation (DNFP) and will involve the IFPs. Technical assistance and operational support for the above activities may be provided by the project or other partners.

20. **Teachers will receive additional training on early grade reading and math instruction.** An in-service program specifically for grades 1 and 2 teachers will be designed in 2015 jointly by DNFP and INDE, benefiting from past experience in in-service training. The program will be gradually introduced at IFP level beginning 2016 and will be expected to benefit up to 15,000 attendees during the life of the project. This program to strengthen teaching and learning in mathematics, reading, writing, and spoken Portuguese will be designed to go further than familiar capacity-building activities. It will explore innovative ways of providing continuing training reinforcement to teachers when they return to their school, including the formation of supportive peer groups.

Subcomponent 1.2 Production of Revised Primary School Books and Learning Materials to Support the Curriculum Reform – US\$34.7 Million

21. **Textbook price and availability are no longer issues.** During its first phase, this project sought to (i) reduce the cost of textbook production, and (ii) support the distribution of textbooks. Those objectives were achieved by about project midterm. The cost of printing of the workbooks for primary grades 1 and 2 declined 23 percent, from US\$0.65 per copy in 2010 to US\$0.50 in 2013, largely owing to MINEDH's having obtained from publishers the license to reprint the workbooks and competitively contracting for their printing. For textbooks in various subjects for grades 3–7, the average purchase

¹⁸ Service Delivery Indicators Survey, World Bank, 2015

price declined 15 percent, from US\$1.82 per copy to US\$1.55 over the same period. This was achieved through hard bargaining with international publishers, including the imposition in the latter years of a formula for price adjustment to make the annual negotiation on the cost of reorders more transparent. The average textbook prices are lower than currently prevailing prices in the region. Meanwhile, the cost of delivering textbooks to district offices has risen from US\$0.18 per copy to US\$0.20. Although a moderate 11 percent increase for this local service and at pace with domestic inflation, MINEDH continues to explore cost-efficiencies, including introducing competitive freight-forwarding in provinces where this service is sufficiently well-developed in private industry. Over the medium term, with the support of the project, the government's materials provision program has improved the pupil-to-book ratio in primary education.

22. **Relevance has become the specific objective of this subcomponent.** In 2011, *the Instituto Nacional do Desenvolvimento da Educação* (INDE) had already initiated its review of the primary education curriculum when discussions were initiated around the reintroduction of competition in the purchase of textbooks and other learning materials. From this dialogue arose the realization that the government, aware of the twin issues of teacher inadequacies and poor student performance, was the resource far better than private sector publishers for generating the specific materials needed to address those issues, especially at the very basic level of initial education. By mid-2012, a strategy was in draft, which included a multi-year schedule that provided for the following:

- (i) Review by INDE of the primary education curriculum, specifically, the programs of study for each subject and grade (*programas de ensino*), with focus on grades 1 and 2;
- (ii) Development of learning materials for those early grades, also by INDE;
- (iii) Phase-out of negotiated purchases of textbooks for the middle and upper grades 3–7;
- (iv) Phase-in of competitive selection of the textbooks for grades 3–7;
- (v) Improvements in textbook distribution; and
- (vi) Campaign for accountability and care for books in school.

23. The strategy was approved by MINEDH in 2013 and officially named *Plano Operacional*. Later in 2014, the *Plano* was revised to adjust the textbook quantities and costs, a consequence to the changes in the curriculum, and the timing for adoption was adjusted to 2015, to accommodate the consultations on the revised subject syllabi. This second-phase project, scheduled for implementation in 2016–2018, will support MINEDH's textbook program summarized in Table 2.

Table 2: Publication Schedule, 2015–2019

Grade	2015	2016	2017	2018	2019
1	International competitive bidding to print workbooks	Printing & distribution	New workbooks in schools 100%	Revision & reprinting 100%	Revision & reprinting 100%
2		International competitive bidding to print workbooks	Printing & distribution	New workbooks in schools 100%	Revision & reprinting 100%
3 & 6	International competitive	Printing & distribution	New textbooks in schools 100%	Reorder 30%	Reorder 30%

	bidding to buy textbooks				
4 & 7		International competitive bidding to buy textbooks	Printing & distribution	New textbooks in schools 100%	Reorder 30%
5			International competitive bidding to buy textbooks	Printing & distribution	New textbooks in schools 100%

Note: “New . . . 100 percent” means one workbook or textbook delivered to the student for each subject at each grade. “Reorder 30 percent” is an estimate of replacement, the annual rate at which textbooks are no longer available for class use, owing to loss or damage.

24. **For the relevant textbooks to be effective, they must be delivered on time.** The schedules for the timely availability of the workbooks for grades 1 and 2 are set out in Tables 5 and 6. In the case of competitive procurement of textbooks in grades 3–7, to improve MINEDH’s chances of receiving good offers, prospective publishers would need time for adequate planning, research, writing, and production (design, editing, typesetting, illustration, and page-making). However, MINEDH would also need time for adequate evaluation of quality (CALE) and price (DAF) and for the first books to be delivered to districts, and thence to schools in time for the 2017 school year. To satisfy these competing demands, a schedule has been prepared by the Textbook Department (DGLEMD) which coordinates activities in the provision (Table 6).

Table 3: Schedule for the ICB Procurement of Textbooks for Grades 3 and 6

2015			2016			
Apr-May-Jun	Jul-Aug-Sep	Oct-Nov-Dec	Jan-Feb-Mar	Apr-May-Jun	Jul-Aug-Sep	Oct-Nov-Dec
Invitation to bid: <i>June 2015</i>	Preparation of bid offers by participating textbook publishers (6 months)		Bid opening: <i>January 2016</i> Evaluation & contracting (3 months)	Proofing and correction (3 months)	Printing and delivery (3 months)	Distribution to schools (3 months)

25. **Curriculum reform will further reduce the cost of textbook provision.** The changes in the subject syllabi, especially the reduction in the number of subjects for each grade of primary education, will have significant impacts on the size and scope of textbook provision. The current set of subject syllabi requires 82 separate volumes of textbooks and teacher guides. Under the revised subject syllabi, the number of volumes will be reduced to 31, including 24 textbooks and 7 teacher guides. The corresponding changes in order quantities and costs will be significant. Projections in the *Plano Operacional* show that beginning 2017, estimated volume orders and costs based on the requirements of the revised subject syllabi would decline. By 2020 textbook quantity requirements and their corresponding costs would be 31 percent lower than those under the current subject syllabi (Table 4).

Table 4: Textbook quantities and costs under current and revised syllabi, 2016–2020

Year	Current syllabi		Revised syllabi	
	Quantity (copies)	Cost (US\$ million)	Quantity (copies)	Cost (US\$ million)
2016	13,800,000	15.7	13,225,700	15.5
2017	14,490,000	17.2	15,602,000	18.4
2018	15,214,500	18.6	15,352,500	18.6
2019	15,975,200	20.0	12,595,800	15.7
2020	16,774,000	21.3	11,562,800	14.7

Source: *Plano Operacional*, MINEDH

26. **Economies in distribution will be pursued.** In textbook distribution, international publishers and printers would continue to ship finished books to the four provincial ports at Maputo, Beira, Quelimane, and Nacala. From there, the government's distribution company (*Distribuidora Nacional de Material Escolar Material*), would deliver the books overland to district offices. The state budget will finance the distribution from the districts to the schools. Guided by the MINEDH's 2014 extensive review of the management of internal logistics, the Textbook Department (DGLEMD) would continue to identify provinces and districts where local freight handling has developed well enough for competitive contracting, to minimize dependence on DINAME as the sole distributor of books. The above review showed that MINEDH's policy that all children have free access to books in primary schools is put at risk by shortcomings in book allocation, distribution management, and book conservation. To address those shortcomings, the project will support improvements in the school district's capacity to manage book distribution through the expansion of SICOLE, a book stocktaking and management instrument, and the promotion of school and community efforts at safe storage, care, and repair of schoolbooks.

27. **Summary.** This component integrates the following reforms expected to favorably impact the primary classroom: (i) a revised curriculum introduced beginning 2017; (ii) new books and other learning materials developed to support the revised curriculum and delivered on time; (iii) teachers prepared to develop in their students essential learning skills; and deliver the new curriculum; and (iv) improvements in student performance monitored.

Subcomponent 1.3 Curriculum Reform and Monitoring Learning Outcomes and Promote Action-Oriented Research – US\$5 Million

28. **The specific objective of this subcomponent is to support the ongoing curriculum reform.** In particular, the project would support the development and continued improvement of the subject syllabi (*programas de ensino*) of primary education, generation of student materials for grades 1 and 2 as well as teacher guides for grades 3–7, piloting of teacher-administered student assessment, and national assessment of reading and numeracy skills. In addition, the project would provide technical assistance, desktop publishing equipment and related materials, and operational support for field testing of curriculum and learning materials and for teacher orientation workshops.

29. **Curriculum reform will facilitate the acquisition of basic literacy and numeracy.** A recent

review revealed that too many subjects crowded the three-session primary school day, limiting the student's time for acquiring key reading and math skills.¹⁹ To increase children's learning opportunity, the National Institute for Educational Development (INDE) revised the curriculum as follows: the number of subjects for grades 1–3 will be reduced to three (mathematics, Portuguese language, and physical education), integrating in those subjects music, visual education, and work education (see box). In grades 4 and 5, the number of subjects will be reduced from nine to six; and in grades 6 and 7, the number of subjects will be reduced from 11 to 9. Consultations on the revised programs with teachers and other stakeholders are being conducted in 2015, before official issuance to schools. Supportive materials will be prepared in 2016, and the new curriculum will become effective with new materials beginning in school year 2017.

The new primary school curriculum will:

- Lengthen children's time on task;
- Motivate children to actively learn; and
- Expect teachers to enable their children to read, add, and subtract by the end of grade 2.

30. **The government will develop the materials for grades 1 and 2.** Heretofore, all learning materials were purchased from international publishers. The purchase included the government's fee payments to publishers for the license to print the consumable workbooks for mathematics and Portuguese language in grades 1 and 2, which are reprinted 100 percent annually. In 2012, a textbook strategy (later called *Plano Operacional*) was formulated, which included redirecting the above annual expense into a government investment for INDE to develop the capacity to write and prepare for printing the needed workbooks and accompanying teacher manuals. This strategy would relieve the government of the annual license fee payments, give it total control of the development, production, and revision of the learning materials for the just-revised subject syllabi, and absolute ownership of copyright of the new materials. INDE would also introduce a further quality measure in the process, the field-testing of materials through actual classroom use in a sample of schools. The development cycle of this new strategy for grades 1 and 2 materials is shown in Table 5.²⁰

Table 5: Grades 1 and 2 Materials Development Schedule, 2015–2019

Grade	2015	2016	2017	2018	2019
1	Development and printing for field testing in sample schools	Field testing, revision and first printing for all schools	New workbooks in all schools	Revision and reprinting for all schools	Revision and reprinting for all schools
2		Development and printing for field testing in sample schools	Field testing, revision and first printing for all schools	New workbooks in all schools	Revision and reprinting for all schools

¹⁹ The review of the 2004 curriculum was conducted by INDE, specifically of the subject syllabi of grades 1 and 2.

²⁰ For grades 3–7 textbooks, which require more complex research, writing, and production, the Plano calls for exiting from the practice of negotiated purchase of textbooks and teacher guides from publishers and introducing the selection of textbooks through international competitive bidding (ICB).

31. **Teachers will be oriented on the new curriculum and new materials.** This training activity would ensure that teacher trainers are adequately prepared to orient classroom teachers, especially of grades 1 and 2, on the revised programs of study and the new materials designed to implement those programs. In collaboration with the National Directorate for Teacher Formation (DNFP), INDE would design and conduct the training of lecturers of teacher training institutes (IFPs). The latter would, in turn, train district supervisors, zone (school cluster) coordinators, and school leaders who would orient classroom teachers to the changes in the subject syllabi of primary education and train them on the effective use of the new materials.

32. **The implementation of the curriculum reform will be monitored and learning outcomes will be measured.** To generate evidence of improvement in student performance under the new curriculum, INDE curriculum specialists, in collaboration with district supervisors, would monitor the implementation of the new curriculum through periodic observation of classroom instruction. Further, INDE's 2014 pilot of the teacher-administered classroom assessment of early grade student reading performance (*Provinha*) would continue in the coming years, following the evaluation of the current experience and should feed into the development of a strategy expanding the practice in sustainable ways. While positive educational processes have been observed during the course of the piloting in improved teacher performance and better interactions among teachers, school leaders, and academic supervisors of the district (SDEJT), the application of the instrument is still labor-intensive and costly. In achievement testing, the Second National Assessment of third grade reading and mathematics will start with a pilot of 4,500 students in 2015, followed by an extensive process of analysis and dissemination of results, prior to administration in 2016. Preparations for the Third National Assessment will be initiated during the project period but will be administered in 2019. The project would support all assessment activities: curriculum implementation, classroom teacher pilot, and national-level testing.

33. **Close coordination will be required.** While INDE will be the unit with the primary responsibility for curriculum reform, other directorates of MINEDH will collaborate in the effort and have direct implementation responsibilities. DNFP and IEDA would help to develop the programs for training trainers and teachers, IFP, district, ZIP, and school educators would deliver the training. The development, procurement and distribution of books and other learning materials would be the responsibility of the textbook department (DGLEMD), involving different directorates. The finance and administration department (DAF) would undertake the procurement of books from publishers or printing services from printers, textbook evaluation council (CALE) would evaluate publishers' bids for quality, and the government's distribution agency (DINAME) and others would deliver materials to school districts. A sample schematic illustration of this coordinated effort of several units for the reforms in grades 1 and 2 is shown in Table 6.

Table 6: Integrated Project Implementation Schedule for Grades 1 and 2

2015			2016		2017	
Apr-May-Jun	Jul-Aug-Sep	Oct-Nov-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec
Curriculum Development INDE Approval of curriculum	Development of student workbooks and teacher guides (Grades 1 and 2)		Grade 1 Field-testing and revision		Grade 2 Field-testing and revision	

Selection of TA firm	With DNFP – Preparation of training program for teachers					
Textbook Procurement DAF Preparation of documents	Procurement of printing	Printing of trial edition	Procurement of printing	Grade 1 Printing-distribution	Procurement of printing	Grade 2 Printing-distribution
Teacher Training DNFP coordinated planning with INDE	With INDE – Preparation of training program for teachers on curriculum and use of new materials		Training of IFP & ZIP trainers	Grade 1 Orientation of teachers on curriculum and use of new materials	Training of IFP & ZIP trainers	Grade 2 Orientation of teachers on curriculum and use of new materials

Component 2: Strengthening Local Governance and School-based Management – US\$50.2 Million

34. **Ensuring teaching and learning resources translate into improved learning outcomes are a priority for the MINEDH and its partners, and improving the functioning of schools is key to achieve this objective.** The results from the recent learning assessment called for a stronger focus by the MINEDH on improving efficiency in the sector, particularly in the first cycle of primary education. In particular, what happens in schools, and how teaching resources are translated into learning outcomes are the primary concerns of the MINEDH and development partners. The third Strategic Plan for Education (2012-2016), approved by the Council of Ministers on June 12, 2012, identifies school based management as an important mechanism to support better outcomes, and particularly to ensure that resources (such as teachers, premises, learning materials, funds) are used efficiently and for their intended purposes. Yet, these mechanisms are not yet fully operational.

35. **This component would contribute to enhancing the functioning of the schools through a three-pronged approach, building on synergies and complementarity of existing operations.** The AF would specifically support: (i) the timely provision of ADE to schools to facilitate their operation; (ii) increasing effectiveness of school supervision by SDEJTs; and (iii) strengthening the capacity of school directors to supervise and support school functioning. Enhancing the performance and accountability of school councils is expected to contribute to improved learning outcomes through increased participation and oversight of communities in the preparation and implementation of school development plans and use of human and financial resources. In addition, increased and more targeted supervision by SDJETs as well as enhanced capacity of school directors would further contribute to improving school functioning.

36. **This component complements and builds on the work initiated under the PFM4R in support of the MINEDH's vision to build an effective and efficient education system through improving local governance.** Within this context, PFM4R interventions focus on increasing capacity of district officers to manage and supervise schools, as well as increased horizontal accountability of schools towards communities and as vertical to internal administration (district officers). The PFM4R

supports the development of instruments, capacity building activities and the allocation of performance-based incentives (additional financing to schools and districts) to make sure that funds are applied in the most efficient and effective way in terms of ensuring management of schools that produce results, particularly in literacy and numeracy. The AF, through FASE, will ensure the availability of adequate funding to both schools and district officers to support teaching and learning to take place at school level and will reinforce improvements in school management through capacity building to mid-level management, including school directors.

Subcomponent 2.1 – Strengthening School-based Councils and Provision of Direct Support to Schools (ADE) - US\$38.2 Million

37. **The AF would continue to contribute to the financing of the ADE to support the functioning of primary schools.** As with the parent project, the AF would support the provision of resources directly to primary schools. For many schools, particularly small schools that only offer grades 1 to 5, ADE is the only source of income and allows the school to buy basic learning materials. The ADE program transfers funds directly from the central level, through district offices, to schools for the purchase of basic materials to support teaching and learning processes. An evaluation of the program has shown that the program has a positive impact in terms of ensuring funding for the purchase of basic materials (i.e., pens, pencils, notebooks, complementary reading materials etc.) and strengthening the functioning of school councils. The allocation of funds is primarily based on number of students and places around US\$3.5 per student per year in all primary schools. Additional funding is currently provided to schools in 22 districts that have been identified as most vulnerable in terms of dropout and HIV/AIDS prevalence.

38. **The AF would also provide additional focus to strengthening school councils.** The normative framework for school management is set out in the REGEB (regulatory document for primary education) and the School Council Manual and Direct School Grant Procedures Manual. The procedures define the responsibilities for various functions for the management of school funds. With support from the PFM4R, the MINEDH is revising this normative framework to encourage stronger parental and community participation. Greater responsibility would also be given to school councils for overall school management, development, and performance, rather than the current narrow focus on execution of ADE funds. Ensuring effective engagement of school councils and building local ownership and transparency, is crucial to improve the functioning of schools in general. Indeed, at the moment, school councils are either inactive or focus on the use of school funds, rather than on overall school management, development, and performance. Therefore, despite the decentralization of financial and management authority²¹ to district and school levels, the benefits of decentralized management in terms of improved efficiency and schooling outcomes are yet to be realized. The proposed AF would build on these recent efforts and strengthen the impact of the P4R operation by supporting the dissemination and appropriation of this new framework.

39. **The MINEDH is introducing performance-based financing as a key strategy to motivate better results.** Presently, school funds are predominantly allocated based on the number of students per school and number of classes. A social protection index and minimum allocation for small schools are also used to ensure equity. The MINEDH aims at progressively introducing performance-based

²¹ One should recognize that decentralization at the district level is a relatively new process. In 2010, most funds were still managed at the provincial level. District services only became budget units in 2014.

financing (through an additional grant of the school funds financed by the PFM4R) as a key strategy to motivate improved school-based management and learning outcomes.²² The AF would contribute to assessing the impact of such changes, and possibly support an expansion/revision through technical assistance as needed.

40. It is expected that this program will be progressively funded through domestic resources in the coming years, with internal funding at district level (goods and services) being transferred directly to schools.

Subcomponent 2.2 – Enhancing the Support and Supervision at the District and School level - US\$10 Million

41. **The AF would also support activities aimed at strengthening vertical accountability and supervision relationships between school councils, school directors, SDJETs and district government administrations.** Vertical accountability and supervisory capacity would be improved through enhanced levels of school supervision activity and follow-up on recommendations by both school councils and SDEJTs and capacity building activities for school directors. As such the AF would support the provision of funding to SDEJTs to allow them to regularly visit schools and provide follow-up. Specific attention would be given to the development and implementation of instruments that facilitates the collection, processing and use of data on key school indicators such as the presence of students and teachers, as well early teaching and early reading skills.

Subcomponent 2.3 – Training of School Directors - US\$2 Million

42. **The project would also support the training and evaluation of school directors²³.** The effects of pre- and in-service training on teacher behavior in school are usually beneficial and observable immediately after attending the training program. These effects can be lost if not sustained over time by continual reinforcement and assistance. The specific objective of this activity is to identify the means by which members of the teacher's immediate environment, including fellow teachers, school leaders, and local community, can effectively support classroom instruction. Developed by INDE and piloted to success in 2014, this program would continue for 3,000 school directors, pedagogical directors, and administrative directors. The training programs for school leaders and academic supervisors of the district would be designed at the DNFP and implemented by the IFPs. Specific attention would be paid to the performance evaluation of the trained directors, the year after they have benefitted from the training program. This performance evaluation is considered an important tool to motivate behavior change amongst school directors. Performance will be measured in terms of efficiency and effectiveness of school management to improve assiduity and learning.

²² Schools will receive an additional grant if they can demonstrate greater transparency and accountability according to the following criteria: (i) school council elections conducted according to the revised manual, including gender representation and parental involvement; (ii) approval of school development plan in a transparent and participatory manner; and (iii) public display of information on how resources are allocated, planned, and applied. In addition, an additional grant will be allocated based on progress towards self-improvement, measured primarily in terms of assiduity of teachers and school management, and learning outcomes in grade 3. The details of this application are currently being developed.

²³ As the director training is done through the IFPs, the funding for this component is included in sub-component 1.2

Component 3: Supporting Community-Based ECD Activities – No additional funding

43. **In order to support the MINEDH’s focus on the acquisition of basic learning skills in the first cycle of primary education, the AF would include an extension of the existing ECD component.** Due to the early delays in contracting of the TPPs and IVAs and thus in the overall implementation of this component, the AF would include an extension of the original ECD component (including all three subcomponents). This extension would help to ensure the activities under this component are implemented as planned, as they remain relevant to the higher level objectives of the project and the priorities of the government. The extension would allow the ECD component to be implemented as initially designed with a total of 600 communities benefiting from the intervention across three phases in 2015, 2016 and 2017. Besides the revision of the implementation timeline, there are no major changes expected under this component. No additional financing is required as the budget set aside by the MINEDH for these activities has not yet been exhausted.

44. **The objectives of this component would also remain the same, but targets would be adjusted to reflect the new timeline.** The objectives are: i) to expand access to quality ECD programs among children under six years of age living in rural communities in selected provinces and districts; and ii) to establish the foundations for a community-based ECD service delivery system that can be replicated nationwide. The activities under the three subcomponents would remain the same.

Subcomponent 3.1 – Provision of Community-Based ECD Service in Rural Areas of Selected Provinces and Districts through the delivery of ECD Basic Service Packages.

45. This sub-component finances the implementation of demand-driven, community-based ECD services through TPPs. The ECD packages include a range of activities, including the construction of *escolinhas* (pre-primary schools), in close collaboration with communities. TPPs are responsible for the delivery of the ECD Packages, and are paid through a results-based modality. As of June 2015, TPPs and IVAs had been contracted through a competitive process and a first batch of children had started activities in the *escolinhas*. A total of 200 communities are targeted during this first phase, in Cabo Delgado, Gaza, Tete and Nampula provinces.

Subcomponent 3.2 – Technical and Institutional Capacity Building

46. This sub-component supports the strengthening of (i) policy functions in the area of ECD, (ii) implementation capacity to support ECD service delivery, and (iii) oversight capacity over the results-based framework both by the MINEDH and the IVAs. Progress on this sub-component includes the completion of three large capacity-building events in the areas of Project Management; Administration and Finances; and Monitoring and Evaluation.

Subcomponent 3.3 – Knowledge Building

47. This sub-component is key to ensure the generation of evidence-based knowledge and supports (i) an impact evaluation of ECD activities under the project, and (ii) a study of ECD model activities currently being implemented in urban areas including the city of Maputo. Preparatory work for the impact evaluation includes the finalization of questionnaires for the data collection and the signing of an MoU with the National Institute for Statistics who will be responsible for carrying out the survey.

Annex 4: Updated Economic Analysis

(i) Sector financing

1. **Public spending on education has rapidly increased over the past five years and, despite a slight decrease, the share of primary in total government spending remains high per international standards.** Total expenditure in the education sector almost doubled in nominal terms between 2009 and 2013. In real terms, this indicates an increase of approximately 40 percent, or 8 percent per year, which is in line with the economy's growth rate. While actual information on expenditures per level of education does not exist, MINEDH estimates that the share of primary education in total education expenditure was 53 percent in 2013, down from 57 percent in 2009. This reduction reflects the increasing focus on secondary education in line with the development of the sector, benefitting from increased numbers of primary school leavers.

Table 1: State Budget Executed, Total and Education, 2009-2013 (in millions of Meticaís)

	2009	2010	2011	2012	2013
State Budget – Executed	77.7	100.4	118.5	133.1	154.5
Education – Executed	16.7	19.9	23.9	26.8	31.3
Percentage Education/Total Executed	21.4%	19.8%	20.2%	20.1%	20.2%
Percentage Education/PIB – Budgeted	6.8%	7.1%	7.4%	7.0%	7.3%
Percentage Education/PIB – Executed	6.2%	6.4%	6.5%	6.5%	6.8%

Source: CGE 2009-2012, REO 2013, as cited in MINEDH, 2014

2. **While large differences in public spending continue to exist among the provinces, resource allocation aims to reduce provincial differences.** Maputo City, for example, receives 2.7 times more funding per student than Zambezia, the lowest per capita funded province. While a student in Zambezia receives an education valued at MT 2,907 (USD \$97) per year, the education of a student in Maputo City amounts to MT 7,808 (USD \$260) per year (UNICEF, 2014). However, this is also the result of the historical structure of the sector, and the distribution of enrollment in post-basic education across regions. Indeed, while education in Zambezia is largely primary education, Maputo City has a relatively high percentage of students that attend secondary or Technical and Vocation Education and Training (TVET) education, which is 4 to 9 times (secondary education) to 16 times (TVET) more expensive than primary education. In addition, positive resource allocation policies²⁴ have contributed to reducing the gap between the provinces with highest and lowest pupil/teacher ratio. Zambezia is the province that benefits most from allocations for new teachers, school desks and classrooms.

²⁴ See also the independent evaluation on General Budget Support to Mozambique.

3. **Contribution of external financing to the financing of the sector has steadily decreased.** The contribution of external financing to the education sector decreased from 29 percent in 2009 to 14 percent in 2013, a significant downward change, in line with the Government's goal of reducing its dependence on external financing, benefitting from sustained economic growth levels. During this period, more than 80 percent of external funds were channeled through FASE. In 2013, the sector had 11 partners. Based on MINEDH's expectations, in 2016, the number of FASE partners will be reduced to 8, but increases in contributions from Germany and Finland would compensate the withdrawal of 3 bilateral partners between 2013 and 2015.

Table 2: External Financing, expenditures in 2010-2013, budget 2014-2015, projections 2016-2018, FASE and bilateral projects (in millions of USD)

	Executed				Budgeted		Projected		
	2010	2011	2012	2013	2014	2015	2016	2017	2018
FASE	161	181	132	141	175	110	110	104	105
Bilateral Projects	40	38	27	24	76	40	33	42	40
Total External	201	219	159	165	251	150	143	146	145
Percentage FASE/total	80%	83%	83%	85%	70%	74%	77%	72%	73%

Source: MINEDH, 2014

4. **The education sector has become increasingly decentralized over the last five years, with administrative and finance responsibilities transferred to the district level.** While in 2010 the districts' share of the sector's operating budget (internal financing only) was 14 percent, in 2014 this share rose to 58 percent. According to the 2014 Public Expenditure Review, increased district level spending is largely due to greater personnel payments at the district level, partly reflecting a transfer in salary payments from the provincial to district level in 2011 and 2012. The latest development has been the transformation of Education Offices at district level into budget units, which allows a better control over resource allocation and financial management and oversight. Decentralization was identified in the PEE as an opportunity to increase the sector's implementation capacity, but not without risks, given that it would require significant capacity at the local level, which is the focus of the institutional development program of the sector.

(ii) *Economic justification for the AF*

5. **International and local evidence points to substantial benefits of investment in education at individual and societal levels.** While it is possible to obtain estimates for private economic returns to education, credible estimates of the social economic returns, which are necessary for public investment analysis, are elusive. It is also very difficult to quantify positive non-monetary externalities from education. Furthermore, the expected outcomes from education projects are long term and are difficult to attribute to a specific intervention. Investing in improving the quality of education is a complex, multi-pronged approach which cannot produce results in isolation. Nevertheless, based on the international evidence and the micro empirical evidence for Mozambique, the potential benefits of this program can be expected at both the individual and the social level.

6. **Evidence shows that economic private returns to education remain high in Mozambique, especially at primary level.** The original project referred to the Theory of Human Capital (THC) and associated empirical evidence to demonstrate substantial economic private returns to education. The THC argues that education enhances individual worker productivity which translates to higher earnings (Card 1999, 2001). Moreover, studies²⁵ on rates of return to education show that Mozambique has one of the highest private returns to primary education among SSA countries, meaning that investing in primary education is a profitable investment but also that improving completion of primary school can have an important direct effect on productivity and individual wages²⁶. Although rates of return to primary education have decreased over time, they remain higher than in secondary and tertiary education.²⁷ The moderate decline of rates of return to primary between 2002 and 2008 took place in a context of rapid increase in school attainment²⁸, suggesting that demand for skills remains strong.

Table 2: Rates of Return to Education (Private), 2002-2008

Year	Total primary	Total secondary	Total tertiary
Moz 2002	23.6	5.9	6.1
Moz 2008	20.2	13.3	17.7
SSA Average	14.4	10.6	21.0

7. **In addition, studies in Mozambique show a positive correlation between the level of education of the household head and both income and expenditure, and a negative correlation with poverty.** Among household heads, education is strongly correlated with higher per adult equivalent consumption. Results from regressing household log per capita expenditure on education confirm literature findings of a positive impact of education on well-being. For instance, having some lower primary education is associated with an 18 percent increase in per capita consumption, increasing to 35 percent for household heads who have completed upper primary education, and to 99 percent and steadily upward, when secondary education and beyond has been acquired. This analysis supports the Government's focus on a holistic and sustained development of the overall sector while continuing to prioritize primary education since the largest share of the population is active at sustenance level.

(iii) *Rationale for public investment*

8. **The parent project argued that the rationale for public investment in education was related to the high social, economic and non-economic rates of return to education, in addition to the market imperfections that preclude the poor from reaping the private returns to education.** In addition to private returns, social returns which occur when private benefits externalize to benefit the society as a whole, net of the social costs justify public investment in education. Economic social returns to education take the form of productivity enhancements leading to higher earnings, and higher

²⁵ Montenegro, Claudio E., and. Patrinos Harry A. 2009

²⁶ Filmer, Deon; Fox, Louise (2014) and Hanushek, E.A. and Woessmann, L. (2007)

²⁷ The rapidly increasing rates of return to secondary, and especially tertiary education, reflect however the growing importance of strengthening the provision of education at this level, at the individual and societal levels.

²⁸ The share of the labor workforce (between 20 and 64 years old) who completed EP1 increased significantly from 21% in 2003 to 29.1% in 2008, and the share of the labor workforce who completed EP2 went from 8.9% in 2003 to 17.9% in 2008 according to Louise Fox and al (2012)

growth rates.²⁹ Non-economic returns are manifested in the form of healthier lifestyle, more informed decision-making and personal development, and can extend to social cohesion, civic engagement and democratic participation.³⁰ From a public economics rationale, the significant positive externalities from education justify government investment in the sector. Even if the magnitude of the economic private returns surpass the economic social returns, the presence of noneconomic externalities to education coupled with credit market constraints that result in individuals under investing in education, present an economic rationale for some significant degree of public investment, especially at primary level.

9. **Building on this, the rationale for public investment is even stronger in the context of this AF given its focus on improving the quality of education which is expected to reinforce its impact on economic and social development.** In addition to the commonly measured quantity of education impact on earnings, as captured by the years of schooling or educational levels attained, the quality of education plays a significant role on earnings. This is proven on the micro level (Glewwe 2002, Bedi and Edwards 2002). On the macro level, education was found to have a positive impact on growth when it was measured in terms of quality as opposed to quantity (Hanushek and Kimko 2000). Common ways to improve the quality of education has to do with the curriculum development, improving teacher qualifications, and having adequate acceptable learning conditions (Hanushek and Luque 2003). The evidence for Mozambique indicates that lower pupil teacher ratios, higher teacher qualifications, and the availability of textbooks are all positively and significantly correlated to higher test scores which reflect better educational quality.

10. **Moreover, the focus of the AF on the first cycle of primary education is expected to lead to a stronger impact of the project in the poorest and most rural communities** Data shows that dropout rates during the first three years of primary education in Mozambique are higher in the poorest and most rural communities. Therefore, strategies to improve retention and learning outcomes during the early years of primary education are expected to have stronger impacts in the poorer and more rural areas, and thus disproportionate effects in terms of poverty reduction. Addressing the quality of education will directly improve equity. It is the poor who are especially harmed by poor service delivery and hence suffer from poor outcomes. Therefore, by working to improve education quality of those living in the poorest areas, the project is expected to have a positive impact on overall poverty reduction.

11. **Finally, the focus on ECD would contribute to increasing further the impact of the AF on economic and social well-being of the population, especially the poorest.** A large and growing body of rigorous international evidence demonstrates that the skills developed in early childhood form the basis for future learning and labor market success, and that failure to develop these foundational skills during the window of opportunity of early childhood can lead to long-term, often irreversible effects. Data from multiple countries show that poor children who do not have access to quality ECD interventions are more likely to experience poor school performance, including high rates of repetition and dropout, as well as high morbidity rates.³¹ They are also more likely to have low productivity and income as adults, to provide poor care for their children, and to contribute to the intergenerational

²⁹ Though the macro empirical literature is inconclusive, some evidence on the positive impact of education on growth is found when the assumption of the linearity relationship between education and growth is dropped and when the impact of education on growth is considered with a time lag.

³⁰ Evidence of the positive impact of education on non-economic dimensions, as well as the powerful externalities of parents schooling are numerous and robust.

³¹ WorldBank, 2011

transmission of poverty.

(iv) *Bank Value Added*

12. **The AF would be jointly financed by IDA and GPE Funds, and would be complemented by partners funding through a pooled funds mechanism, FASE.** The IDA contribution of US\$50.0 million would leverage an additional US\$57.9 million from the GPE Funds in support of this AF. Funds would continue to be channeled through the common fund (FASE) and is estimated to provide approximately 40 percent of total funds channeled through FASE over 2016-2018. FASE is the primary channel for external funds to the education sector especially at primary level, and is complemented by other bilateral projects targeting mostly post-basic education. External funding is complementary to internal government funding (around 80 percent of the overall sector budget) and covers key recurrent spending of the sector (i.e. salaries, recurrent costs of educational institutions, basic investments in infrastructure, etc.). All external support (FASE and non-FASE) is coordinated by the MINEDH to support the implementation of the ESP that embraces all levels of education, as well as overall institutional development. This coordinated support to the education sector through the sector-wide approach (SWAp) involves joint reviews and evaluations as well as on-going dialogue on strategic issues.

13. **The Bank's involvement is expected to bring tangible value-added in several key domains.** The Bank's global knowledge, technical and operational expertise will be critical in providing technical support and consensus-building around system and institutional changes, which are expected to yield economic and social returns in the longer term. The Bank's comparative advantage in supporting multisector solutions to enhancing education outcomes is especially valued by all stakeholders, and reflected in the proposed ECD activities, which combine education and nutrition interventions aimed at addressing the current lack of school readiness (see Annex 3 for a detailed description of activities). In addition, the Bank is well equipped to further support the MINEDH in shifting focus away from inputs towards increased efficiency of existing expenditures through service delivery improvements. Moreover, given its wide experience with results-based financing in social sectors, including in Mozambique, the Bank is also seen as a credible partner that can help institutionalize a results-based development culture. Finally, the unique operational capability of the Bank is recognized by Government and Partners who rely on the Bank to act as supervising entity for the funds from the GPE and assume overall fiduciary oversight for the FASE.

Annex 5: Updated Implementation Arrangements

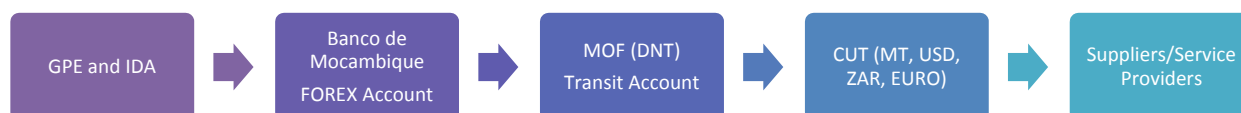
(i) Financial Management

2. **The AF will be managed under the existing financial management arrangements for the original project, and, for part of the AF, DLRs will constitute additional disbursement conditions.** The AF will support five key sector interventions financed by FASE through three Components as described in the Technical Appraisal and Annex 2. Corresponding budget lines of FASE constitute Eligible Expenditures against which disbursement will be made after DLIs have been reached (see Table 8 for a description of FASE budget lines). FASE will continue to operate with the same Common/Pooled Fund arrangement, including the use of the same Designated Account, at the *Banco de Moçambique* to receive funds from IDA/GPE and other Partners. In addition, the project will continue to make use of other aspects of the government's FM systems, including the government IFMIS and single treasury account, and consequently it will also make use of government rules and Chart of Accounts.

Table 8: FASE Budget Lines and Contributions of the AF, US\$ million

Intervention Area	2016	2017	2018	Total	Contribution of the AF
Primary Education	86.2	82.0	82.0	250.2	
Early Childhood	15.0	5.0	2.0	22.0	
Books	20.0	23.0	23.0	66.0	34.7
Direct support to school	18.8	19.5	19.5	57.8	38.2
Bilingual education	2.4	2.5	2.5	7.4	
Classroom construction	20.0	20.0	21.0	61.0	
Teacher and director training	5.0	6.0	7.0	18.0	18.0
Additional learning materials	3.0	4.0	5.0	12.0	
M&E and research	2.0	2.0	2.0	6.0	5.0
Institutional Development	10.0	7.0	8.0	25.0	
District supervision	4.0	4.0	4.0	12.0	12.0
Capacity building	3.0	3.0	4.0	10.0	
Provincial supervision	1.0			1.0	
Support to boarding schools (feeding)	2.0			2.0	
Adult Literacy and Education	0.2	2.5	2.0	4.7	
Curriculum, books and learning materials	0.2	2.5	2.0	4.7	
Secondary Education	13.7	12.9	12.5	39.1	
Direct support to school	2.0			2.0	
Classroom construction	5.0	6.0	6.0	17.0	
Complex construction	2.0			2.0	
Laboratories and ICTs	1.7	3.3	3.0	8.0	
Distance education	1.5	2.0	2.0	5.5	
M&E and exams	1.5	1.6	1.5	4.6	
TOTAL	110.2	104.4	104.5	319.1	

3. **To avoid the risk of duplication (IDA funds and other GPE funds), there will not be advances for achievement of DLRs, but payments after their achievement.** That is, upon verification of achievement of the DLRs, MINEDH will submit a withdrawal application requesting the transfer of funds to a bank account of its choice, held by MINEDH, which may later be channeled to the FASE common fund account to support FASE related activities. As such, the evidence of achievement of the DLRs will be the supporting documentation for the respective withdrawal applications. The chart below indicates the flow of funds under the FASE:



4. **The project will not require a separate audit report other than the FASE audit, which will continue to be done by a private sector audit firm recruited under World Bank Procurement Guidelines and whose respective Terms of Reference (ToRs) will be cleared by the Bank.** The Bank will also ensure that there is a specific note on the Notes to the Financial Statements which indicates the amounts paid by FASE on the virtually earmarked activities on each of the audit reports. Each audit shall cover a period of one year and the respective audit report will be submitted to the Bank/Partners no later than six (6) months after the end of such period.

5. **The disbursements will be Interim Financial Reports (IFR) based, and the program will continue to make use of the same format of IFRs.** The IFRs will continue to be submitted on a quarterly basis and within ninety (90) days of the end of each quarter, similar to the current arrangements.

6. **Given the targeted focus on activities described in Annex 2 in this AF, there will be the virtual earmarking of funds to ensure that sufficient funds are used for specified project activities.** Given the fact that funds are fungible within FASE (the pooled account,) disbursements may take place based on forecasts, except for disbursements related to the DLIs. However, for the purposes of documentation of expenditures, the Bank will only consider the expenditures on the activities that have been earmarked. That is, for each IFR, in addition to the consolidated expenditures under the program, the MINEDH will also present a schedule which indicates expenditures on the earmarked activities/budget lines and these will be considered eligible for documentation. Annually, FASE will perform a reconciliation between IDA/GPE funds received and expenditures on the earmarked categories to determine whether expenditures on the earmarked activities exceed disbursements and vice versa. Should earmarked expenditures exceed the disbursed funds due to contributions from other donors, these may be documented on subsequent withdrawal applications when the disbursed amount exceeds the earmarked expenditures. Such reconciliation will need to be submitted to complement the last IFR for each year and be cleared with the Bank.

7. **The FM performance of the current project has been Satisfactory.** There are no outstanding IFRs or audit reports; these have been submitted in a timely and satisfactory manner.

(ii) *Procurement Arrangements*

8. **The current procurement arrangements, which have worked well, will be maintained during the AF period.** Procurement activities under the AF would be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD (International Bank for Reconstruction and Development) Loans and IDA (International Development Association) Credits and Grants by World Bank Borrowers" published by the Bank in January 2011 (revised July 2014) and the World Bank's "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers," dated January 2011 (revised July 2014). Anti-corruption guidelines which apply to this Project are: "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006 and revised in January 2011".

9. **Existing implementation arrangements in place for the ESSP will remain unchanged for the AF operation.** MINEDH is currently resourced with a pool of experienced procurement officers, supported by an experienced internationally recruited procurement specialist. Arrangements in the Project Appraisal Document of the parent project and procedures, and positions currently under the Directorate of Administration and Finance of MINEDH will be maintained and will be used to implement the procurement activities under the AF.

10. **The Procurement performance of the current project has been Satisfactory.** Based on the known capacity of the MINEDH and ratings from the most recent Procurement Risk Assessment Management System (PRAMS) exercise, a separate capacity assessment is not required.

Safeguards

11. **The proposed AF does not introduce new environmental and/or social risks.** The parent project (P125127) and the first AF (P124719) were classified as Category B with respect to environmental and social matters. The proposed AF has been scaled down from 5 components to 3 and will finance specific civil works activities identical to those funded under the first AF (then under Component 5), now under Component 3: Supporting Community-based Early Childhood Development Activities. In addition, as was the case under the parent project, school construction is expected to be financed under FASE, the pooled fund through which the proposed AF will be channeled. Consequently, no changes in safeguards classification are proposed.

12. **Both the original project and the first AF, classified as Category B, triggered three safeguards policies:** (i) Environmental Assessment (OP/BP 4.01), (ii) Pest Management (OP 4.09), and (iii) Involuntary Resettlement (OP/BP 4.12) due to the anticipated negative impacts related to school construction and/or rehabilitation. Thus, in compliance with Bank's requirements safeguards instruments - namely Environmental and Social Management Framework (ESMF) to address OP/BP 4.01 and OP 4.09, and the Resettlement Policy Framework (RPF) to address the OP/BP 4.12 basic requirements - were prepared and disclosed (in both the Bank's InfoShop and in country).

13. **The proposed AF will therefore maintain Category B of its original project** since the specific details of the construction activities to be financed by FASE (of which this project is a part) will not be known prior to project approval. The proposed AF will trigger OP/BP 4.01 Environmental Assessment, OP/BP 4.12 Involuntary Resettlement and OP/BP 4.09 Pest Management. The AF will use the safeguards instruments (ESMF and RPF) prepared and disclosed in 2011 and 2012 respectively

for its parent project. The ISDS was updated and re-disclosed both in-country and at the InfoShop prior to presentation to the Board and any site specific ESMP and RAP will be prepared and implemented accordingly when details and characteristics of the location are known or should land acquisition occurs.

14. The Client and the Project Coordination Unit have acquired considerable experience with World Bank projects and are familiar with implementation and supervision procedures recommended under safeguards policies triggered by this AF. The Client and its key stakeholders (PIUs, Contractors, Ministry of Land, Environmental and Rural Development (MITADER) and Local Administration) have been trained through three regional workshops aiming at improving the understanding of World Bank safeguards policies as well as the implementation and reporting requirements. Trainings were also provided to Third Party Providers (TPPs) to align the basic safeguards requirements throughout the AF project implementation. The current project also benefits from the presence of two safeguards specialists (social and environmental) in the PIU who have gathered considerable skills and competencies needed to ensure the compliance of the safeguards policies. The two safeguards specialists will continue to work under close guidance and supervision from the World Bank safeguards team.

15. The Borrower had prepared, consulted on and disclosed a number of Environmental and Social Management Plans (ESMP) for infrastructure in country and in Infoshop. The ESMPs have constituted an integral part of the ESC (Environmental and Social Clauses) for the civil works contracts. In addition, screening, monitoring and reporting forms were prepared and tested in each province prior to the series of regional safeguards trainings and the forms are now annexed to the ESMPs. While implementing the ESMPs, the Borrower has systematically issued reports. No major impacts have been reported and best practices related to environmental and social aspects were adopted which include the preservation of native trees in the schoolyard; integration of female workers in the construction process; and integration of appropriate ramps to allow accessibility for disabled persons. As part of the results of the implementation of ESMPs, the Work Identification Form now includes specific environmental and social issues to each school infrastructure under construction. These are lessons learnt from FASE activities which are now embedded within MINEDH. During appraisal of this AF, the safeguards team confirmed that MINEDH have adopted and implemented these. The current AF will benefit from this accumulated experience and incorporate lessons learnt from the parent project.³²

Overall Implementation Risks

16. Implementation risks are considered Moderate, and include mostly the risks of non-compliance and delays in applying fiduciary and safeguards procedures, as well as weaknesses in existing implementation capacity. Weaknesses in the implementation of safeguards principles were noted during the lifetime of the parent project, and substantial efforts in training and support were made to redress the situation. Still, compliance in terms of fiduciary and safeguards policies remains a challenge given the size of the overall FASE. Procurement processes are particularly vulnerable, with the risks of accumulating delays. This has been managed relatively well under the parent project, notably with the support of a strong procurement team at the MINEDH, who are well versed with Bank procedures. Another factor of risk during implementation is related to capacity, particularly at the local level, which the *Balanço* highlights as being a major constraint to better results. Enhancing this local

³² The *Balanço* is an evaluation by MINEDH of achievements and challenges in implementing the Education Sector Strategy between 2012 and 2015.

capacity is an integral part of the MINEDH's overall strategy to improve service delivery, using a three-pronged approach that involves: i) training and other capacity building activities; ii) performance-based incentives; and iii) allocation of resources to improve the working environment.

Annex 6: Updated Disbursement Modalities

Disbursement Linked Indicators

1. **The proposed AF would introduce a results-based modality for the disbursement of part of the GPE Grant.** As such, a variable tranche (30 percent of the GPE grant - USD17.37 million) would be disbursed after confirmation of progress in specific areas, measured by an agreed set of indicators. More specifically, disbursements would be conditioned on the achievement of indicators, i.e. “Disbursement Linked Indicators” (DLIs), which are a subset of the Government’s results framework and agreed between the GoM and the Bank, in consultation with the Local Education Group. The introduction of a variable tranche disbursed based on the achievement of a predetermined set of results is in line with the increased focus on results within Bank-funded operations, including the recently approved PFM4R.

2. **The GoM and its partners used a strategic planning process to identify key expected results, including the proposed DLIs.** The Government has developed, in close coordination with all stakeholders, a results framework with expected results in the priority areas that have been identified as crucial to improve learning outcomes for the coming years. Among key indicators, a number of DLIs have been selected as crucial milestones which reflect the priority elements in government strategy and require institutional change in order to improve. As such, the DLIs build incrementally and include institutional changes, implementation steps, and process/output indicators which are critical for demonstrable progress of the sub-sector toward its overall education and development outcomes. DLIs would generate improved efficiency and effectiveness during the life of the project, and would have an impact and sustain results beyond it.

3. **The disbursement-linked indicators are realistic, verifiable, and sensitive to Government intervention.** Key guiding principles for the design of DLIs include: (i) linking incentives to specific interventions that are influenced by the project³³; (ii) focusing incentives as closely as possible to key actors accountable for their attainment; (iii) simplicity and manageability in the number and framing as well as reliance, to the extent possible, on existing data collection instruments, (v) realism by taking into account the time-frame of the project and the span of control of government, and (vi) ensuring some stability in sector financing.

4. **The DLIs are also geared towards crucial elements of the Government strategy, which are expected to have substantial influence on the overall objective of improving learning outcomes.** More specifically, the DLIs for the AF focus on (i) reducing disparity across regions in terms of equal learning opportunities; (ii) improving the teaching and learning environment; and (iii) enhancing the efficiency of the system. Bearing in mind the complementarity with existing DLIs, the DLIs proposed under the AF aim at addressing core bottlenecks to improving learning outcomes, related to the key aspects that should make a school work: resources, capacities and incentives.

5. **In the area of education quality, recent analyses have shown the importance of adequate teacher training to support improvement in learning outcomes.** Despite great progress made in the

³³ As the project focuses on key priorities, the proposed DLIs fall directly under the scope of the AF and aim to contribute to organizational change.

last few years with regard to ensuring that teachers have a minimum of pedagogical training, benefitting, amongst others, from the current project, one of the big challenges is to apply new methodologies at classroom level. The Government aims to respond to this challenge and ensure that teachers are better prepared to use pedagogical tools that are appropriate and efficient to improve early grade learning outcomes. The DLI on teacher training aims to capture the importance of this activity for the successful implementation of the PEE.

6. **Moreover, improving the distribution of teachers is expected to contribute to reducing disparities in learning outcomes.** The reduction of the pupil/teacher ratio from a high of 76 in 2006, to 62.5 in 2014, has been one of Mozambique success stories in terms of more equitable allocation of human resources that are key to learning. The gap between the provinces with the highest rates and the lowest has reduced due to a positive resource allocation policy, prioritizing the allocation of new teachers in provinces with the highest pupil teacher ratio. However, despite these gains, progress has stalled over the last three years, on one hand due to financial constraints, but also resulting from human resource management limitations, and lack of decent working conditions in remote places. In addition, it is important to note that despite progress made at the provincial level, there remain great differences within provinces that are difficult to address at the central level.³⁴ Through a focus on a more equitable allocation of primary education teachers, the MINEDH aims to improve equitable resource allocation and human resource management at the district level.

7. **Finally, international and local research and supervision show the key role of school directors in improving school functioning.** School directors are first responsible for the presence of teachers and children in school and should support teachers in ensuring that learning takes place in the classroom. As such, access to adequate training by school directors is crucial, but not enough. Key to improving school functioning is accountability to its “clients”. In order to promote such accountability at the level of school management, the evaluation of their performance is key. The proposed DLIs for school directors aim to introduce a culture of evaluation that, in turn, can be used to apply incentives (in terms of further career options, additional school grants, etc.), which are key aspects of educational change. This DLI is expected to complement key interventions aimed at strengthening local governance for better learning outcomes, targeted at school councils and districts officers. In particular, the PFM4R includes DLIs focused on the efficient functioning of school councils, and adequate supervision and support at district level. Together, these indicators target the triangle that is responsible for making schools work.

8. **Disbursements of the variable tranche would follow key principles that ensure flexibility and predictability in terms of planning and execution of the budget.** Overall improvement targets are agreed at the start of the AF and the targets set out a reasonable trajectory for performance improvement over three years. If targets are achieved, then the Bank would disburse to the GoM. A single annual disbursement to the GoM would be made and timed to coincide with the government budget cycle. Achievements against DLRs in year n would be verified by March 30 in year n+1. No additional disbursement would be made for exceeding the yearly sub-targets. However, undisbursed funds from previous year(s) would be carried forward so that a partially unachieved target would be rolled over to the next year for reassessment and disbursement. Disbursements would be made in proportion to the level of achievement above a DLI-specific floor of the program improvement targeted

³⁴ The current practice is that the MINEDH directly negotiates annual allocation of new teachers with the Ministry of Finance within the fiscal space that is available. In turn, the MINEDH allocates provincial targets for the contracting of new teachers, based on trends in pupil teacher ratio. Provinces distribute district targets.

up to a given year. The fourth year of the AF would be the final possibility to claim any unclaimed DLR prices and all disbursements would have to be settled by April 30, 2019.

9. **Disbursements for the DLIs will be made on the basis of verified results attainment.** Verification will be undertaken in ways that are both credible and sustainable by using, to the fullest extent possible, existing government systems for oversight and monitoring. More specifically, Independent Verification Agents (IVAs) will be contracted by MINEDH on a competitive basis, that comply with minimum standard of quality and reliability. Potential options for IVAs include autonomous universities and research centers, the National Institute for Statistics, the Administrative Tribunal, or private consulting firms. Whenever relevant, verification protocols would include unannounced visits by the independent firm to a random sub-sample of schools for the purpose of direct data collection.

Disbursement Linked Indicators

Category (Disbursement Linked Indicator)	Disbursement Linked Result	Baseline	Sub-targets to Determine Annual Disbursement	Floor	Amount of the Financing Allocated (USD) (and initial date of availability for withdrawal)	Means of Verification
IMPROVEMENT IN LEARNING: Promoting new classroom dynamics that focus on acquiring basic learning skills in the area of reading, writing and speaking Portuguese						
(1) Number of teachers (1 st and 2 nd grade) with in-service training	Increased number to 8,250	0	DLR 1.1: Program elaborated, tested and adjusted	NA	DLR 1.1: 2,000,000 (January 1, 2016)	<u>Internal verification:</u> Report prepared by the Teacher Training Department, based on the individual reports from TTIs, incorporated in the annual sector performance report that is presented, discussed and validated by the Local Education Group (LEG) in the annual Joint Supervision Review (JSR) meeting. <u>External verification:</u> Independent Verification Agent contracted to verify the DLIs on an annual basis.
			DLR 1.2: Increased number from 0 to 1,650	1,000	DLR 1.2: 3,000,000 (January 1, 2017)	
			DLR 1.3: Increased number from 1,650 to 8,250	4,000	DLR 1.3: 3,370,000 (January 1, 2018)	
EQUITY IN LEARNING: Allocation of existing resources more equitably and efficiently						
(2) Number of districts with a pupil teacher ratio over 80	Decreased number to 2	12	DLR 2.1: Decreased number of districts from 12 to 8	8	DLR 2.1: 2,000,000 (January 1, 2017)	<u>Internal verification:</u> Data from Education Management Information System (EMIS) presented in the annual sector performance report that is presented, discussed and validated by the LEG in the annual JSR meeting
			DLR 2.2: Decreased	5	DLR 2.2: 2,000,000 (January 1, 2018)	

			number of districts from 8 to 2			<u>External verification:</u> Independent Verification Agent contracted to verify the DLIs on an annual basis.
EFFICIENCY IN LEARNING: Improving local governance of schools						
(3) Number of primary school directors having participated in directors training	Increased number to 1,800	0	DLR 3.1: Increased number from 0 to 800	400	DLR 3.1: 1,000,000 (January 1, 2017)	<u>Internal verification:</u> Report prepared by the Teacher Training Department, based on the individual reports from TTIs, incorporated in the annual sector performance report that is presented, discussed and validated by the LEG in the annual JSR meeting. <u>External verification:</u> Independent Verification Agent contracted to verify the DLIs on an annual basis.
			DLR 3.2: Increased number from 800 to 1,800	1,000	DLR 3.2: 1,000,000 (January 1, 2018)	
(4) % of the trained school directors having their performance evaluated	Increased percentage to 20 percent	0	DLR 4.1: Increased percentage from 0 to 10 percent	5%	DLR 4.1: 1,500,000 (January 1, 2017)	<u>Internal verification:</u> Report prepared by the Teacher Training Department, based on the individual reports from TTIs, incorporated in the annual sector performance report that is presented, discussed and validated by the LEG in the annual JSR meeting. <u>External verification:</u> Independent Verification Agent contracted to verify the DLIs on an annual basis.
			DLR 4.2: Increased percentage from 10 to 20 percent	15%	DLR 4.2: 1,500,000 (January 1, 2018)	

Annex 7: Revised cost of the program financed by FASE

1. As discussed earlier, the proposed AF will contribute to the pool of funds FASE, to which another 10 partners contribute in support to the PEE. Mozambique has an integrated planning and budget system, and contributions to the pool are not earmarked which implies that all financial contributions are considered complementary towards the financing of PEE. The cost of the implementation of the PEE is expected to be US\$4.5 billion over 2016-2018. Around 90 percent is expected to be financed through internal budget, 7 percent through FASE and the remainder through bilateral and multilateral projects including the Bank's credits to TVET and Higher Education and the PFM4R operation.

2. With regards to the FASE, about three-quarters of the resources channeled through the pool are expected to target primary education over 2016-2018. Contributions from the AF are estimated to represent about 34 percent of the overall FASE spending. Activities described under this AF will therefore need complementary funding to be implemented.

Table 1: Estimated spending under FASE, 2016-2018, million US\$

Intervention area	2016	2017	2018	Total	Contribution of the AF	
					Amount	Percentage of total
Primary Education	86.2	82.0	82.0	250.2		
Early Childhood	15.0	5.0	2.0	22.0		
Books	20.0	23.0	23.0	66.0	34.7	53%
Direct support to school	18.8	19.5	19.5	57.8	38.2	66%
Bilingual education	2.4	2.5	2.5	7.4		
Classroom construction	20.0	20.0	21.0	61.0		
Teacher and director training	5.0	6.0	7.0	18.0	18.0	100%
Additional learning materials	3.0	4.0	5.0	12.0		
M&E and research	2.0	2.0	2.0	6.0	5.0	83%
Institutional development	10.0	7.0	8.0	25.0		
District supervision	4.0	4.0	4.0	12.0	12.0	100%
Capacity building	3.0	3.0	4.0	10.0		
Provincial supervision	1.0			1.0		
Support to boarding schools (feeding)	2.0			2.0		
Adult literacy and education	0.2	2.5	2.0	4.7		
Curriculum, books and learning materials	0.2	2.5	2.0	4.7		
Secondary education	13.7	12.9	12.5	39.1		
Direct support to school	2.0			2.0		
Classroom construction	5.0	6.0	6.0	17.0		
Complex construction	2.0			2.0		
Laboratories and ICTs	1.7	3.3	3.0	8.0		
Distance education	1.5	2.0	2.0	5.5		
M&E and exams	1.5	1.6	1.5	4.6		
TOTAL	110.2	104.4	104.5	319.1	107.9	34%

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Annex 9: Map of Mozambique

