Concept Note - System Capacity Grant – Mozambique

Financing window 2: Mobilize coordinated action and financing to enable transformative change

Summary

This concept note proposes activities to strengthen the capacity of the Ministry of Education and Human Development of Mozambique (MINEDH) to better plan, manage, monitor and comply with requirements related to fiduciary, environmental and social aspects for activities in the education sector. This document lays out a proposal for the Global Partnership for Education (GPE) System Capacity Grant (SCG) for the Republic of Mozambique in the amount of US$ 547,924. The proposed activities would be financed by the financing window "Mobilize coordinated action and financing to enable transformative change" to increase MINEDH´s planning, implementing, management, monitoring and compliance capacity for the activities supported by the Education Sector Support Fund (FASE in Portuguese), beyond the MozLearning Project. The proposed activities in the SCG are key factors to enable system transformation of education in Mozambique and are aligned with the Education Strategic Plan 2020-2029 and the new Memorandum of Understanding of FASE.

1. Context

Mozambique significantly expanded access to education, evidenced by more children entering school at an earlier age, but important challenges related to quality remain. Despite steady progress in the coverage of primary and secondary education in recent decades, Mozambique has one of the lowest levels of human capital in the world, being below most of its peers in Sub-Saharan Africa (SSA) in the World Bank's 2020 *Human Capital Index* (HCI). Children born in Mozambique before the COVID-19 pandemic can expect to be 36 percent as productive when they grow up as they could have been if she had enjoyed complete education and full health.[1] Changes in education quality as measured by learning, especially in the early grades is the main driver of improvements in the HCI. The level of foundational learning is alarmingly low in Mozambique: the 2016 National Learning Assessment found that only 5 percent of Grade 3 students could read and understand a simple text. In addition, less than half of all students complete primary education. The key challenges driving these low education outcomes include: (i) an insufficient number of qualified teachers; (ii) low-quality management at school and district levels; (iii) insufficient infrastructure; (iv) insufficient provision of learning materials; (v) and low access to preschool and late entry into primary education. The COVID-19 pandemic has deepened the challenges facing the education sector in Mozambique, with the reduction in school engagement and learning time contributing to learning losses.

Mozambique's population is heavily weighted towards younger cohorts and is growing rapidly, generating substantial pressure on the education system. Almost half of the Mozambique population is under the age of 18 and approximately 30 percent of the population is younger than 10.[2]

1 World Bank. 2020. The Human Capital Index 2020 Update : Human Capital in the Time of COVID-19. World Bank, Washington, DC. © World Bank. https://openknowledge.worldbank.org/handle/10986/34432

2 National Institute of Statistics (INE), Population Projections 2017–2050.

If Mozambique keeps the current fertility rate, younger population cohorts are projected to continue growing steadily in the next decades, with the 6-17 year-old cohort expected to increase from 9.8 million in 2020 to 13.6 million by 2035. These demographic trends will exert substantial pressure on the education system in the coming years, with more learning spaces and teachers required to accommodate the growing number of children. The rapid population growth in Mozambique stems from extremely high fertility rates, despite reductions in recent years. Total fertility, measured as the average number of children per woman, declined substantially in Mozambique, from 5.8 children in the 2000-2005 period to 4.9 in 2015-2020.

As a result of the student population growth outpacing the expansion of the teacher labor force, pupil-teacher ratios have increased in all levels in recent years. Pupil-teacher ratios in Mozambique are increasing in primary and secondary education, but the averages differ across the 11 provinces[3] and for each education level, with more than 60 students for each teacher in primary education.[4] In addition, the range between the lowest and highest students per teacher ratio increased substantially in the period between 2018 and 2020 (Inhambane 43.5 and Nampula 82.8 in 2020).

After significant improvements between 2000 and 2009, completion rates have stalled in recent years, most notably in lower secondary education. Completion rates are calculated as the percentage of older age cohorts who have completed the level (e.g., 15-18 year-olds who have completed primary). Completion rates in Mozambique have remained low in recent years, with less than two-thirds of students completing primary education and less than one-third completing lower secondary education also as a result of high repetition rates. And a substantial share of the students who complete their education levels are overage.

Pre-pandemic learning levels were critically low, and learning losses associated with COVID-19 are likely to add to existing inequities, making the challenge more complex. The most recent national learning assessment, conducted in 2016, indicates that only 5 percent of Grade 3 students in Mozambique were able to read at the expected level.[5] Regional assessments (e.g., Service Delivery Indicators (SDI) and Southern and Eastern Africa Consortium for Monitoring Education Quality (SEACMEQ) have shown some improvement.[6] But the assessment results consistently show very low levels of achievement (discussed further below), and with the school closures during COVID-19, learning loss is likely at all levels of education.[7]

Mozambique has made considerable progress in reducing gender imbalances in basic education and has steadily caught up with the Sub-Saharan Africa average in both primary and lower secondary. In 2000 the ratio of girls to boys enrolled in primary education in Mozambique was 0.75,

[3] Cabo Delgado and Nampula had throughout the period the highest level of student teacher ratio.

[4] Pupil-teacher ratios (PTR) are calculated by taking the total number of students and dividing by the number of teachers for that level. A similar measure is the pupil-class ratio, which is calculated by dividing total enrollment by the number of reported student groups. These ratios do not directly measure the number of students who are studying with individual teachers ("class size"), but they are often used as proxies for class size. The MINEDH 2021 annual statistics summary shows that pupil-teacher ratios (overall average 59) are consistently higher than pupil-class ratios (overall average 50), but provincial averages for these two indicators are highly correlated (0.89).

[5] MINEDH (2017).

[6] Southern and Eastern Africa Consortium for Monitoring Educational Quality.

[7] New rounds of both the National Learning Assessment in Mozambique and SEACMEQ are planned to be executed in 2022.

and in lower secondary education there were 0.63 girls for each enrolled boy. By 2020 these ratios were closer to 0.95, which in lower secondary is higher than the SSA average. However, parity between genders is still not achieved, as girls' enrollment rates lag behind boys' at all schooling levels in part explained by the differentiation between the pace of change on access and completion of upper primary education which was greater in urban areas.

Education spending is highly inequitable in Mozambique, with large differences in per-student education spending across provinces. Although primary education expenditures in Zambezia and Nampula provinces are the highest in absolute terms, equal to MZN 8.1 billion (or 17 percent) and MZN 7 billion (or 15 percent), respectively, these are not sufficient to ensure the same per-student spending levels as in the rest of the country. In fact, annual per-student spending levels in primary education in Zambezia and Nampula are among the lowest, equal to about MZN 5,200 and MZN 5,600, respectively. This is more than 30 percent less than the average per-capita spending on education in Mozambique, and less than half the per-capita spending in Maputo City.

The governance and management of the education system is complex and highly centralized. Preschools, primary and secondary schools, institutes, higher education institutions and other service delivery units are distributed across the 11 provinces and report to the institutional structures described in Box 1. Except for higher education institutions, most training institutions have limited financial and operational autonomy, largely because they are not designated as planning and budget units in the public financial management (PFM) system. Instead, they are designated as deconcentrated "beneficiary units", receiving transfers of funds for a certain number of pre-approved expenditures. This status also severely limits their ability to collect and use their own revenues.

Recent public financial management legislation offers scope for strengthening links between plans and budgets in the education sector. Since 2021, Mozambique has introduced a new government planning and budgeting methodology (*Plano Económico Social e Orçamento do Estado – PESOE*) for all sectors, which merges the plan and the budget into a single document, resulting in more clarity, transparency, and consistency. The approach also promotes results-based management using institutional performance targets and a program classification system to organize spending. The 2022 and 2023 budget proposals submitted and approved by the Parliament were prepared using this new methodology. A potential difficulty is created by the fact that central, provincial and district levels must prepare their plans and budgets at the same time, exacerbating the challenges of having a national sector plan and budget which is aligned across all levels of government as well as all the subsystems of the education sector. However, MINEDH and the Ministry in charge of Higher Education (MCTES)[8] still have full authority over expenditure in education. The development of a more robust medium-term expenditure framework would help the sector address this gap, as all budget actors would know in advance their potential share of the budget to achieve agreed results.

The Education Strategic Plan 2020–2029 (ESP 2020-2029) for primary and secondary education is the umbrella framework of ongoing interventions in the sector. Its overall objective is to improve learning outcomes by strengthening the quality of education, including through improving school management, developing pre- and in-service teacher training, expanding bilingual education, supporting teacher motivation, constructing and rehabilitating classrooms and allocating sufficient

[8] Ministry of Science, Technology and Higher Education

resources and materials for primary, secondary and adult education. The ESP covers general education and has a sound analytical base. It is a logical successor to the 2012-2016/2019 plan, and has incorporated significant learning about what works well and what works less well. It also takes account of potential disruptive forces – particularly natural disasters – which significantly affected the implementation of the previous plan. The plan includes well-modelled scenarios for financing the strategy. The level of detail was mirrored in the three-year rolling Operational Plan 2020-2022) and is expected to be mirrored in the proposed Operational Plan 2023-2025. Higher education and technical/vocational education have similar long-term strategies.

Better education results for Mozambique also require an improvement of the governance and the efficiency of the sector. There is international evidence that improving the capacity of ministries of education are key for improving education outcomes.[9] The efficiency of the education sector can be improved with more support to strengthen the planning, management, implementation and monitoring capacity of the education sector at ministry and local levels. It is also critical to Improve the efficiency of delivering contents to students beyond textbooks with the use of digital solutions.

The current resource allocation process is not conducive to effective spending. The education sector in Mozambique has consistently suffered from a low level of resources in per-pupil terms, especially since the suspension of budget support in 2016. Even though the sector has historically received a relatively high share of the annual government budget (18–22%), in the context of a constrained overall budget and a fast-growing school age population, this degree of protection for the sector is insufficient. Faced with an uncertain debt-servicing scenario, as well as the effects of unexpected shocks from floods, the COVID-19 pandemic and regional and international conflict, in the years since 2016 the Ministry of Economy and Finance (MEF) has been unable to establish a consistent budget framework which would allow for predictable and reliable resource allocations. The approved budget is frequently released late due to uncertainties and liquidity constraints in MEF. Budgets are regularly revised upwards during execution, but often not until the second or third quarter (Q2 or Q3). Many educational institutions therefore make commitments to suppliers in Q1 and Q2 without concrete knowledge of planned funding flows, leading to late payments and accumulated debts. Although actual execution compares well with the approved budget, this outcome is obtained only as the result of within-year revisions, meaning that expenditures are concentrated in the latter half of the year (thus creating inefficiencies, particularly in the supervision of schools and the procurement of materials that are useful in the first half of the year). It also means that the structure of spending is substantially different to that originally approved, with higher recurrent expenditures and lower investment.

Externally-financed expenditures also face challenges in their timely execution, including implementation capacity. Overall, the rate at which externally-financed projects are implemented on time is low, due to late notification of the full budget available, shortage of qualified technical staff to plan and manage procurements strategically within satisfactory fiduciary procedures and delays in the disbursement of funds that hinder cash flow. The pattern of spending of the external investment budget

[9] See: Riddell, A., & Niño-Zarazúa, M. (2016). The effectiveness of foreign aid to education: What can be learned?. International Journal of Educational Development, 48, 23-36; Heyneman, S. P., & Lee, B. (2016). International organizations and the future of education assistance. International Journal of Educational Development, 48, 9-22; Brinkerhoff, D. W., & Wetterberg, A. (2018). Governance and sector outcomes: Making the connections. RTI Press; and Frazer, S., Wetterberg, A., & Johnson, E. (2021). The value of integrating governance and sector programs.

is particularly striking: the major budget revisions occurring late in the year to complete the execution process result in a high level of under-expenditure. Although the results in 2020, 2021 and, to a lesser degree, 2022, are likely to have been influenced by the effects of COVID-19, it nevertheless suggests that the pattern of under-expenditure of investment budgets and cash flow have been worsening.

Planning, management and monitoring capacity of the education sector is hindered by the inadequate levels of qualified staff at central and local levels. A key binding constraint for a more efficient use of existing resources in Mozambique's education sector is the low level of management capacity at central, provincial, district and school levels. MINEDH have a reduced number of staff with the necessary skills to plan, manage and monitor the activities, reflected in slow budgeting, financial management and procurement processes, resulting in implementation with delays and quality issues. Another key issue is the fact that lower level units such as districts, secondary schools and teacher training institutes are planning units (*unidades de planificação*) but not budgeting units (*unidades de orçamentação*). The new methodology in PESOE seeks to increase the role of budgeting planning units, but this is a partial solution as they need to have their budgeting capacity improved for effective decentralization of funds. A higher level of efficiency of education spending requires better systems, business standards and processes, as well as better prepared and motivated staff at all levels to perform tasks related to planning, management, monitoring and evaluation, statistics, procurement, financial management, and social (with attention to gender-responsive education planning and budgeting) and environmental safeguards aspects. Key actions in this area include:

- Implement an assessment of skills and needs of the sector to map the sector existing competencies (central and local levels) to draw up a strategy for customized professional development opportunities (conventional and on-the-job training) for staff in key areas, as well as identifying hiring needs or redeploying existing staff through competitive and transparent mechanisms.
- Review and reform the processes of planning, budgeting, implementation and monitoring of education programs and activities, with a focus on results-based accountability and gender-sensitive education planning and budgeting.[10]
- Review and streamline the internal procurement processes and ensure compliance with agreements governing donor funding and the national legislation to maximize value for money and transparency.

10 MINEDH is part of the Gender at the Center Initiative (GCI) led by IIEP-UNESCO that promotes gender equality through gender sensitive education planning. Through that initiative, MINEDH staff receives support in gender sensitive planning, which is a main aspect of the SCG Financing Window 1. The present Financing Window 2, aims at mainstreaming gender in all activities and will more specifically be addressed by supporting the successful implementation of the ESP through strengthened budget processes and ministry of finance engagement towards gender equality.

Box: The institutional and management framework of the education sector in Mozambique

At central level there are four institutions:

- Ministry of Education and Human Development (MINEDH: *Ministério de Educação e Desenvolvimento Humano*), responsible for primary and secondary education.
- Ministry of Science, Technology and Higher Education (MCTES: *Ministério de Ciência, Tecnologia e Ensino Superior*), responsible for higher education (universities and institutes).
- State Secretariat of Technical and Professional Education (SEETP: *Secretaria do Estado de Educação Técnica e Profissional*), responsible for technical and professional education.
- Ministry of Gender, Children and Social Action (MGCAS: *Ministério do Género, Criança e Acção Social*), responsible for pre-primary education (jointly with MINEDH).

At the provincial level, two institutions represent the sector:

- Provincial Directorate of Education (DPE: *Direcção Provincial de Educação*), responsible for primary and secondary education as well as the recruitment and allocation of teachers in the province.
- Provincial Services for Social Affairs (SPAS: *Serviços Provinciais de Assuntos Sociais*), responsible for technical schools, teacher training institutes and pre-schools.

At the district level, there are two institutions representing the sector:

- District Services for Education, Youth and Technology (SDEJT: *Serviços Distritais de Educação, Juventude e Tecnologia*).
- District Service for Women, Health and Social Action (SDSMAS: *Serviços Distritais da Saúde, Mulher e Acção Social*), only covering pre-primary education.

The central level entities are system regulators and responsible for developing standards to ensure the efficient and effective allocation of financial and human resources. They monitor the implementation of strategies and assess their impact in improving performance. The central government also makes decisions on staffing to ensure regional equity. In the case of basic education, MINEDH is responsible for allocating the School Grants, based on inputs received from the provincial and district authorities. The central government, represented by the Ministry of Economy and Finance, communicates expenditure limits to provinces as part of the process of drawing up the Medium-Term Fiscal Framework. The DPEs and SPAS are responsible for allocating the budget to different sectors and to districts within the province. These decisions should be informed both by the District Socioeconomic Plan and by broad guidance from central level. The DPEs and SPAS harmonize and monitor the district and provincial annual plans and budgets. Districts are responsible for allocating resources to schools and ensuring the local operation of the education system. They are charged with planning and budgeting the districts' education activities. Districts are instrumental in managing human resources in all district schools. At the start of the fiscal year, districts collect statistics which are used to inform spending needs (e.g., the number of students) and formulate the District Socioeconomic Plan. SDEJTs are also expected to play a key role in monitoring teaching-learning processes within education institutions, with particular attention to primary and secondary education and to adult literacy and education programs.

2. The education pooled funding mechanism in Mozambique: FASE

The education pool funding mechanism of Mozambique. On July 9, 2021, the Ministry of Education and Human Development of Mozambique (MINEDH), Ministry of Economy and Finance (MEF) and eight Cooperation Partners (CPFs)[11] signed the new Memorandum of Understanding (MoU) of the Education Sector Support Fund (ESSF or FASE in Portuguese) (2021 FASE MoU), continuing the mechanism for cooperation and harmonized dialogue on the Education Sector Strategic Plan (ESP) 2020-2029. As of July 2022, the United States Agency for International Development (USAID) had signed the 2021 FASE MOU and as of December 2022 the European Union (EU) was in the negotiation stages to sign to enter the FASE. The 2021 FASE MoU replaced one effective since December 2012, amended in April 2017 and extended in December 2019. The 2021 FASE MoU establishes principles for the provision and management of FASE, for the support to the implementation of the ESP 2020-2029, prepared by MINEDH in collaboration with the Local Education Group (LEG).

FASE was created in 2002 to ensure that the support of the CPFs to the Government of Mozambique for the implementation of the ESP was done in a coordinated manner. Since its creation, FASE has been the main mechanism of external support to the education sector, channeling about US$1.5 billion financed by seventeen different CPFs.[12] The durations of the FASE MoUs have been linked to the periods of ESPs. Since the monitoring and evaluation of the education sector is done by a broader group of partners and civil society (LEG), the 2021 FASE MoU also includes Terms of Reference for the general dialogue between MINEDH and all partners in the sector (FASE and beyond). As established by the MoU, the dialogue is coordinated by a rotating Troika composed of three CPFs– the Troika coordinator, the incoming member and the outgoing member. In addition, the Troika and sector dialogue are supported through a number of sub-sector thematic working groups and the Monitoring Group for Planning and Financial Management (MGPFM). The MGPFM comprises representatives from each of the CPFs currently financing FASE and has been led by Ireland since 2020.

FASE is recognized by the Government as the most effective funding mechanism to support the sector's priorities. FASE reduces the transaction cost of bilateral coordination with various agencies and aligns external support to the government's (LEG) priorities for the sector. Since May 2022, the Troika has been led by Germany, and includes UNICEF and Finland (ends in November 2022) as an outgoing member and EU (starting in October 2022) as incoming member. The World Bank participated most recently in the Troika between April 2018 and May 2021.

Most of the education budget is used for recurrent expenditures (mainly teacher salaries), and almost all investment spending is funded externally. The share of recurrent spending has steadily increased in recent years, and makes up 85 percent of total spending. In 2020 recurrent spending

[11] CPFs which signed the 2021 FASE MoU as of July 2021 were: Canada, Finland, France, Ireland, Germany, Portugal, UNICEF and World Bank.

[12] Since its inception in 2002, FASE has received contributions from the following partners: Canada (through Global Affairs Canada and the former Canadian International Development Agency-CIDA), Denmark, European Union, Finland, Flemish Cooperation, France, Germany (GIZ and KFW), Global Partnership for Education (GPE),Ireland, Italy, Netherlands, Portugal, Spain, Sweden, UNICEF' United Kingdom (through the former Department for International Development-DFID) United States (through the United States Agency for International Development-USAID), and World Bank,

accounted for 90 percent of total spending, with 2 percent devoted to internally-sourced investment and 8 percent coming from externally-sourced investment. External investments have increased to 89 percent of total education investments in 2020 from 61 percent in 2015.

The portion of education funding executed by subnational administrations has increased in recent years, but investment is still concentrated at the central and provincial levels. The deconcentration process of the education sector is reflected in the increase of spending executed by the district levels, which have seen their share of spending increase to the detriment of provinces. Wages and salary spending has driven this trend. However, it is important to note that there is virtually no investment spending at the district level, and the district-level education spending is almost entirely made up of salaries, which generates a high level of dependence of districts on the province and the central level. About 20 percent of the provincial-level education spending and 14 percent of central-level sector spending is investment.

FASE and the World Bank contributions. The World Bank joined FASE in 2008 as administrator of funds from the Global Partnership for Education (GPE) with US$79 million (TF092651) channeled through the Education Sector Support Project (ESSP - P112052). Subsequently, the World Bank continued to contribute to FASE through a new Education Sector Support Project (ESSP - P125127) implemented between 2012 and 2019, which included IDA and GPE financing. In March 2021, the project "Improving Learning and Empowering Girls in Mozambique – MozLearning" was approved, also with IDA and GPE funding, for a total of US$299 million, channeled through FASE, until December 2025. Since 2012, total annual disbursements to FASE have reached an average of US$98.8 million, with an IDA funding share of 30% and GPE of 15% in this period.

Key FASE processes. MINEDH prepare annual plans and budgets for all activities and outputs funded by FASE. All expenditures against FASE have to be included in the Plan of Activities (PdA) and Procurement Plan (PdP) that FASE donors review and concur in an interactive process, as FASE funds are fully on-budget, and on-system and on-report. MINEDH also prepares a 3-year rolling Operational Plan (OP) as a guidance for the implementation of the ESP 2020-2029 and use the OPs as the basis for the elaboration of annual plans and budgets. MINEDH carries out all procurement of goods, works, consulting and non-consulting services financed by FASE, in accordance with the prevailing national Government directives and applicable international procurement procedures as agreed between MINEDH and CPFs and the procedures detailed in the PdP. MINEDH carries out all financial management in accordance with Mozambican law, ensuring that FASE resources annually are inscribed in the State Budget and channeled through the Single Treasury Account (CUT) and the State Financial Administration (electronic) System (e-SISTAFE). MINEDH produces and submit to the FASE partners quarterly financial progress reports regarding the execution of the FASE funds two months after the end of the respective quarter. In addition, MINEDH submits monthly flow of funds financial statements together with bank account statements and sends information related to the FASE flow of funds, as defined in the Action Plan Responding to the Report on the Funds Flow Risks Assessment of FASE. MINEDH conducts an independent annual financial audit of the FASE funds, in accordance with International Standards on Audit (ISA). MINEDH also conducts annual procurement audits as specified in the 2021 FASE MoU. The financial and procurement audit reports, including the auditors' opinions and management letter are submitted to the CPFs within six months of the end of the fiscal year and must be discussed at the level of the MGPFM. The management letters specify financial and procurement irregularities and other

problems observed during the audit in the area of financial and procurement management and internal control and make recommendations for future improvements. They also provide an annual update on progress made towards resolving problems identified in previous audits. MINEDH is in charge of the contracting and management of the external independent audits. The Terms of Reference for the audit and the matrix of criteria for the evaluation of the proposals are jointly decided between the CPFs and MINEDH through the MGPFM. Costs for the annual audits are accrue to the FASE budget. MINEDH is in charge of the follow-up of the FASE financial and procurement audit recommendations and of monitoring through an Action Plan. This plan is discussed and agreed by the MGPFM. Monitoring of progress in the area of financial management and procurement will be an integral part of the Annual Review Meeting (RAR).[13]

FASE Fiduciary Oversight. It was agreed in the 2021 FASE MoU that the CPFs will decide on the role and responsibilities of the supervising entity for FASE funds. This Supervising Entity, which will be designated among the CPFs, will carry out activities of reviewing plans, ToR, reports, capacity building mainly in the areas of procurement, financial management and environmental safeguards as well as other activities to be identified. To this effect, the detailed scope of work, roles and responsibilities of the Supervising Entity, as well as the limitation of liability and standard of care for the CPF selected to fulfil the role of Supervising Agent has been drafted to form a new Annex (Annex VIII) of the 2021 FASE MoU and, once finalized and agreed by CPFs will be incorporated into the 2021 FASE MoU via an Amendment. A separate letter will be prepared to designate the selected CPF for a period of 2 years.

Earmarking of FASE funds. The 2021 FASE MoU allows for earmarked activities in the case of emergency funds and bilateral and multilaterals programs that require specific reporting for pre-agreed results for accountability reasons. This is the case of Projects within FASE like MozLearning, which aims at improving learning and empowering girls in Mozambique, as it is supporting key activities in the sector to improve learning in the first grades of primary education through evidence-based innovative interventions, like structured materials for literacy, teacher training focused on pedagogical practice, effective use of learning assessments, results-based incentives programs for schools and districts, and expansion and improvement of the pre-school network. The earmarking of activities allows to secure funding for the activities agreed for the Project, as well as the achievement of the targets for performance-based conditions that disburses up to US$ 42 million that can be used for any activities funded by FASE. However, the earmarking does not prevent the financing of other FASE activities that contribute to achieve the objectives of the Project. The earmarking also helps to define the boundaries for World Bank supervision in FASE from a legal, technical, fiduciary and safeguards perspective.

3. Rationale for the grant

This proposal for the System Capacity Grant is focused on Financing Window 2, as it seeks to implement a series of on-the-job training sessions on planning, management, fiduciary and safeguards aspects to strengthen the capacity of the Ministry of Education of Mozambique (MINEDH) to increase the gender-responsiveness, efficiency, equity and effectiveness of activities financed by FASE. Improving MINEDH´s planning and monitoring capacity is a fundamental element to strengthen Mozambique´s efficiency and

[13] More details on key FASE processes can be found in the FASE MoU.

value for money of public spending on education, gender-responsive sector planning, policy and monitoring, as well as improved sector coordination. The proposed activities in this grant are key factors for enabling system transformation of education in Mozambique and are fully aligned with the governance pillar of the ESP 2020-2029 for a more transparent, efficient and effective management, as well as with the 2021 FASE MoU.

The proposed activities are also aligned with the draft Enabling Factor Analysis (EFA) in the context of the GPE´s System Transformation Grant. Some of the key challenges and opportunities identified in the draft EFA in terms of system capacity and sector coordination include:[14]

- The system has been facing a crisis in terms of effectiveness and efficiency, with low learning outcomes and limited capacity to ensure access to education for all children as a way of ensuring skills for their survival.
- Deep reforms are needed in the management systems of the sector and in the teaching and learning process to initiate a change that will bring the sector and education system to a better functioning, in order to move towards achieving the objectives set out in the EPE 2020-2029 and agenda 2030.
- Although the sector has evolved in terms of the technical capacity to develop these instruments, challenges persist, particularly at the decentralized levels and in linking them with the central level.
- The low results of the education system are partly due to the sector's low level of capacity for planning and implementation of activities, with difficulty in prioritizing activities directly targeted at teaching and learning, among others.
- The process of preparation of the PdA needs substantial changes, as it generally does not make an effective use the 3-year Operational Plans or prioritize the activities required to achieve the ESP´s objectives and targets.
- Bilateral aid is not yet fully registered in the planning and performance reports, and it would be important to find ways to do so;
- Contributions from bilateral partners and NGOs are not yet registered in the PdA. Therefore, the overview of interventions and gaps is still unclear, as is their mapping for inclusion in the PdA, which would prevent possible overlaps, waste of resources and avoid the marginalization of school population areas. MINEDH continues to spend a substantial amount of time dealing with bilateral processes, draining the time and energy for system-level transformational programs and activities.
- It is essential to strengthen MINEDH´s capacity in the planning and budgeting process with a view to gender equality and equity and inclusion. Coordination and communication between units in MINEDH need to be improved in terms of monitoring the work of partners at all levels and ensuring that they work to achieve the objectives of the ESP, focusing on gender and inclusion issues.

This task seeks to address some of the issues described above, with focus on more critical and urgent issues. The support considers the urgency to take measures to ensure that the activities described in sections 5 and 6 are executed the soonest, as they tackle urgent aspects of the education sector that

[14] The points below are a summary of the issues raised in the EFA that are relevant for the SCG TF. Not all challenges are covered in this application, as they would require more funds and this application. Some of the challenges can be addressed by future SCG applications for Mozambique.

have been affecting the speed and quality of implementation of the activities supported by FASE funds. The implementation of such activities will also increase the readiness of MINEDH at central and local levels to implement the new activities that will be supported by the other grants under the GPE´s transformation compact for Mozambique. That would also justify the use of GPE funds for supporting the activities of this task, as well as the fact that the CPFs currently supporting Mozambique would not able to mobilize new funds for this type of activities in the short run.

The GPE SCG window creates a unique opportunity to advance this support to MINEDH and start building the capacity to improve the system delivery system. The new planning and budgeting methodology (PESOE) being introduced, merging the plan and the budget into a single document, aims for greater clarity, transparency, and consistency but is not yet fully mastered by the MINEDH. The proposed activities in this grant seek to build on the PESOE methodology to allow better coordination between the central, provincial and district levels for improved planning and budgeting, with a level of quality that allows the alignment of each of the programs with the national sector plan and budget. In addition, the sector is facing a reduction in external financing while the number of students is continuing to growth at a high rate, which within current fiscal constraints requires urgently to improve the allocation of the resources for service delivery.

The support provided is expected to strengthen budget processes by providing training and resources to support the development of operational designs and mechanisms to improve the implementation and monitoring of the education sector. Strengthening and streamlining the process of preparation of the PdA and PdP, as well as establishing clear guidelines (aligned with the PESOE) for all entities involved in the process (MINEDH´s different units and CPFs) will allow that these critical documents are completed in a timely manner and reflect well the priorities of the sector defined by the ESP 2020-2029 and the 3-year operational plans. The proposed activities have a high potential to increase the capacity of MINEDH to achieve more expedited and efficient procurement and financial management processes as they strengthen MINEDH´s planning, monitoring and coordination, generating substantial cost savings and more effective activities to improve education outcomes. To improve the efficiency of the sector in terms of planning and coordination, the World Bank team will liaise with MINEDH, CPFs in Mozambique and with other specialists of the World Bank Group to identify solutions for accelerating the implementation of programs and activities from MINEDH's activity plan.

FASE finances the implementation of Mozambique's ESP 2020-2029 that emphasizes on gender, inclusion, and regional disparities as areas of inequality, both in access and in learning outcomes. Financed activities are expected to address the main causes of discrimination and biased sociocultural norms as well as gender-based violence and sanitation. More particularly, the ESP recognizes the substantial differentials between the relatively advantaged provinces, specifically in the South and rural locations. Indicators of participation, transition and learning all reflect these disparities. Gender and inclusion issues are consistently threaded through the ESP. While conducting the task, the World Bank team will support the MINEDH in continuing efforts to systematically apply a gender and inclusion lens throughout the implementation of the ESSP, identifying key challenges and designing program activities from a gender equality and inclusion perspective.

4. Development Objectives

Strengthen the planning, management, compliance and monitoring of fiduciary and safeguards (social and environmental) capacity of the Ministry of Education and Human Development in Mozambique to increase the efficiency, equity, gender-responsiveness, inclusiveness and effectiveness of activities financed by the education pooled funding mechanism.

5. Scope of Work and Detailed Activities

The development objectives of this proposed grant would be achieved through the proposed activities:

A. Planning, Management and Budgeting

i. Assess MINEDH's human resources capacity to implement, manage and monitor FASE activities to achieve the implementation of the ESP 2020-2029.
ii. Organize biannual training for MINEDH at central level in matters related Planning, Management and Budgeting for results, including gender sensitive planning and budgeting.
iii. Organize biannual training for MINEDH's staff at provincial level on matters related with procurement processes and activities, including drafting Terms of Reference and Contract Management, including gender sensitive planning and budgeting. The training for the provincial delegates will include a module to allow the training to be cascaded for the relevant staff in the districts (SDEJTs) of each province. MINEDH will compile the reports on the trainings for the SDEJTs executed at each province and share with the World Bank.
iv. Hands-on support to prepare the MINEDH's key yearly planning documents, including the Plan of Activities (PdA) and Procurement Plan (PdP.)
v. Support to strengthen and streamline the entire process of preparation of the PdA and PdP, establishing clear guidelines to ensure that these documents are completed in a timely manner and reflect well the priorities of the sector defined by the ESP 2020-2029 and the 3-year operational plans.

B. Procurement

i. Organize biannual training for MINEDH's Procurement Department (DAQUI)'s staff at central level on matters related with procurement processes and activities, including drafting Terms of Reference and Contract Management.
ii. Organize biannual training for MINEDH's staff at provincial level on matters related with procurement processes and activities, including drafting Terms of Reference and Contract Management.
iii. On-the-job training, with hands-on support and guidance to prepare relevant procurement documents.
iv. Support the strengthening of the harmonization of the possible differences in procedures used across the different development partners.

v. Support MINEDH in the use of the World Bank's Procurement Tracking System (STEP)[15], including the provision of training and troubleshooting.
vi. Participate in and support reporting on annual joint visits with the members of the MGPFM
vii. Support MINEDH in reviewing internal protocols, organization and coordination among actors involved in procurement, making recommendations for revisions, or strengthening of processes.

C. Financial Management

i. Organize biannual training for MINEDH's financial department (DAF) staff in matters related to financial management processes and activities.
ii. On-the-job training, with hands-on support and guidance to prepare relevant financial management documents.
iii. Support the strengthening of the harmonization of the possible differences in procedures used across the different development partners.
iv. Provide recommendations for strengthening capacity of reporting on status of fixed assets over time.

D. Environmental and social risk management[16]

i. Organize training for MINEDH's staff in matters related to environmental and social aspects (including gender, inclusion, regional disparities).
ii. Provide training for MINEDH's Directorate of Infrastructure and School Equipment (DIEE) and Department of Cross-cutting Affairs (DAT) staff in matters related with environmental and social aspects/safeguards (including gender, inclusion, regional disparities), complementing those provided in the context of the MozLearning project.
iii. Organize biannual training for MINEDH's staff at provincial level on matters related with environmental and social aspects/safeguards. The training for the provincial delegates will include a module to allow the training to be cascaded for the relevant staff in the districts (SDEJTs) of each province. MINEDH will compile the reports on the training for the SDEJTs executed at each province and share with the World Bank.
iv. Provide guidance in the implementation of the grievance-redress mechanism (GRM) with special attention to GBV issues.
v. Provide advisory and technical assistance to the MINEDH-lead gender group to ensure coordination and alignment of any efforts related to prevention and response measures to address school-related gender-based violence (SRGBV), including violence against children (VAC).

[15] STEP will be used also for all FASE-financed activities, including those not financed by World Bank-GPE projects.
[16] For more details on environmental and social risk management, see: https://www.worldbank.org/en/projects-operations/environmental-and-social-policies

6. Work proposal and distribution of responsibilities

The Planning and Cooperation Directorate (DIPLAC) will be the lead within MINEDH for this task and will coordinate activities with the Procurement Department (DAQUI), the Finance Department (DAF), the Infrastructure and School Equipment Department (DIEE), Transversal Issues Department (DAT), and the different MINEDH Departments as needed. The World Bank would execute the activities described in this document in alignment with the sector dialogue.

MINEDH will have the following responsibilities:

a. Provide the World Bank with the necessary information and documentation related to the activities and deliverables described above.
b. Identify the staff at central and local levels to participate in dedicated training sessions ensuring their full participation as per the agreed calendar of training sessions;

The World Bank will have the following responsibilities:

a. Provide in-service training to MINEDH personnel duly identified and involved in the areas of this task.
b. Establish a multidisciplinary task team with knowledge of the education sector in Mozambique, the mechanisms of FASE, and the specific areas of planning/management, procurement, financial management and social and environmental safeguards, including gender-sensitive planning, budgeting and reporting in these areas.

7. Deliverables

a. Half-yearly reports with a summary of the training sessions, technical reviews, fiduciary and social and environmental risk management of the FASE funds.
b. Technical note with a proposal of reforms in the procurement and financial management processes in MINEDH (also considering the strengthened capacity).
c. Periodic report of activities, to be submitted within 3 months after the end of first year of implementation (to be shared with GPE).
d. Final completion report to be submitted within 6 months of the grant closing date (to be shared with GPE).

8. Timeline

The proposed duration for this task is 18 months distributed during the life of the grant. The training will be provided in service, either through workshops or as training actions at the workplace, with the periodicity described in section 6. The final report will be completed no later than 6 months after the actual SCG grant closing date.

9. Estimated Budget

The total estimated budget is US$ 547,924, covering staff time, consultants, travel, organization training sessions and other administrative costs. A more detailed estimated budget is attached.

10. Team

A task team of World Bank staff and consultants would implement the activities described in sections 5 and 6 to achieve the development objectives of this task, with deliverables described in section 8. The team will have the knowledge of the education sector in Mozambique, the mechanisms of FASE, and the specific areas of planning/management, procurement, financial management and social and environmental safeguards. The team will be led by a Task Team Leader (TTL) that will lead the implementation of the activities of this task and will be supported by a senior education specialist that will be the focal point for the operational discussions with MINEDH and the CPFs. All team members will support both the capacity building activities as well as the support for the implementation of the aspects presented in sections 5 and 6. The execution of the activities described in sections 5 and 6 would benefit from the fact that part of the team members would also be supporting the implementation of the MozLearning project. The overall estimated team effort also takes into account the fact that the bulk of the activities will be concentrated on direct support for capacity building, which is not envisioned in the MozLearning Project (except through consultancies hired by the Project). A list of the team members for this task is provided below:

Coordination of activities and reporting

- Task Team Leader
- Monitoring and Evaluation Specialist

Planning, Management and Budgeting

- Education Specialist 1
- Education Specialist 2
- Governance Specialist
- Monitoring and Evaluation Specialist
- Human Resources Specialist

Procurement

- Procurement Specialist 1
- Procurement Specialist 2

Financial Management

- Financial Management Specialist 1
- Financial Management Specialist 2

Social and Environmental Risk Management

- Social Specialist 1
- Social Specialist 2
- Environmental Specialist 1
- Environmental Specialist 2
- Gender and GBV specialist