Ex post evaluation – Mozambique

Sector: Education (CRS Code: 11110)
Project: Education SWAp ESSP FASE III-VI DC programme (BMZ No. 2005 66 703; 2009 65 400; 2012 65 255; 2013 65 634)*
Implementing agency: Mozambique Ministry of Education (Ministério de Educação e Desenvolvimento Humano/MINEDH)

Ex post evaluation report: 2017

EUR million	SWAp ESSP FASE III (Planned)	SWAp ESSP FASE III (Actual)	SWAp ESSP FASE IV (Planned)	SWAp ESSP FASE IV (Actual)	SWAp ESSP FASE V+VI (Planned)	SWAp ESSP FASE V+VI (Actual)
Investment costs	1,449.00	1,530.90	N/A**	1,163.40	2,362.00	1,960.00
Counterpart contribution	1,403.00	1,484.90	N/A**	1,116.40	2,334.00	1,932.40
Funding	46.00	46.00	47.00	47.00	28.00	28.00
of which BMZ budget funds	46.00	46.00	47.00	47.00	28.00	28.00

*) Random sample 2017. BMZ No. 2009 65 400 included.

**) Details not available in the programme documents. Independent estimate: investment costs of EUR 1,965 million, counterpart contribution of EUR 1,918 million; exchange rate of USD 1 = EUR 0.7546.

Summary: The FC project helped to support the Mozambican Ministry of Education (MINEDH) as it implemented the latest applicable versions of the Education Sector Strategic Plans (ESSPs) between 2007 and 2015. The measures were taken within the scope of a Sector Wide Approach (SWAp). The German FC commitments were part of the supply of funds directed to the education sector basket fund set up in 2002 (Fundo de Apoio ao Sector de Educação/FASE). They linked up with earlier projects (BMZ No. 2001 66 454, 2003 66 013 and 2003 66 005) within the multi-year "Promotion of Basic and Technical Education and Vocational Training in Mozambique" German development cooperation programme.

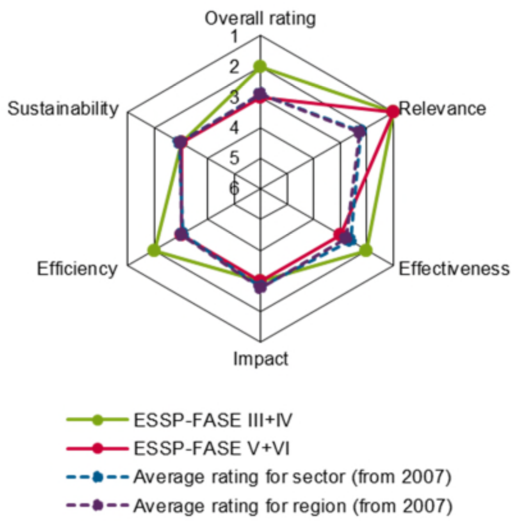
Development objectives: The FC measure's programme objective (outcome) was to make a contribution to higher educational quality and facilitate equitable access to the educational system by means of stable and predictable financing commitments for implementation of the strategic education plans. The development objective (impact) was to improve the education level of the Mozambican population in order to promote the country's social and economic development.

Target group: The main target group was all children and young people of primary and secondary school age around the country, with particular attention to be paid to girls and women.

Overall rating: 2 (ESSP FASE III+IV); 3 (ESSP FASE V+VI)

Rationale: The projects evaluated are classed as highly relevant over the entire time-frame and as having contributed to significant progress in the size of the education sector in Mozambique. As the time passed, however, there were losses of effectiveness and efficiency, for reasons that included FASE funding becoming less foreseeable and plannable. The combination of general budget support and sector basket funding also resulted in efficiency losses. Nor was it possible to increase the quality of the primary education over the course of the project. The overarching development policy objectives of improving the education level were therefore not completely attained. In addition, the sustainability of the positive impacts that were achieved is fraught with considerable risks.

Highlights: Given the Mozambican education sector's bleak standing initially stemming from the Civil War, however, impressive progress was made in terms of quantity. Moreover, the sector basket funding managed to help with making institutional improvements on governance objectives.



Rating according to DAC criteria

Overall rating: 2 (ESSP FASE III+IV); 3 (ESSP FASE V+VI)

The financing commitments for FASE III-VI were directed towards the education sector basket fund. The impacts of the individual Financial Cooperation (FC) projects cannot be exactly delimited from one another with regard to timing. Given this state of affairs, the overall time-frame of the four FC projects is to be evaluated, but these are to be rated separately as far as possible according to the DAC criteria.

Ratings:

	ESSP FASE III	ESSP FASE IV	ESSP FASE V	ESSP FASE VI
Relevance	1	1	1	1
Effectiveness	2	2	3	3
Efficiency	2	2	3	3
Impact	3	3	3	3
Sustainability	3	3	3	3

General conditions and classification of the projects

Mozambique is still one of the poorest countries in the world 40 years after achieving national independence and a quarter of a century after a long-lasting civil war drew to a close. In a state of persistently high population growth, close to two-thirds (62.9%) of its roughly 29 million inhabitants were living below the poverty line of USD 1.90 a day as of 2014. The sometimes considerable growth in the Mozambican economy has not effectively contributed to reducing income poverty on a wide scale.

Serious weaknesses in the education sector's performance have stood in the way of opportunities to unlock the existing educational potential of children and young people. Adequately equipped classrooms have been lacking along with skilled or qualified teaching and administrative staff, especially in rural provinces. In addition, there has been a lack of teaching materials in the country's 40-plus native (Bantu) languages. The education sector's planning and management have suffered from undercapacity and coordination problems on the national, regional and local levels, meaning that the available resources are utilised suboptimally. Deficits in financial management have also led to efficiency losses when executing the government education budget.

By adopting the first Education Sector Strategic Plan (PEE I) in 1999, the government had made it clear that it was cognizant of the importance of education and training for the country's economic and social development. Education Sector Strategic Plans (ESSPs) updated at regular intervals were intended to deal with the urgent need to close the performance gaps in the education sector.

As early as 1998, the necessity of departing from project finance schemes was highlighted and a move towards sectoral budget support was recommended in evaluations from Mozambique's ESSPs. In 2002, basket funding of the education sector started with the establishment of the Fundo de Apoio ao Sector de Educação (FASE). Five donors initially participated in this endeavor. The Ministry of Education's greater financial flexibility in implementing the ESSPs was thought to be one of the advantages of basket funding over external financing of individual projects.

The four ESSP FASE III-VI education SWAp FC projects under evaluation were part of the financial resources allocated to the education basket fund (FASE), and supported the Mozambican Ministry of Education (MINEDH) in implementing each of the ESSPs. During the period under review, 2007-2015, the second and third ESSPs were of relevance (PEEC II and PEE III).

Relevance

The basket funding of the Mozambican education sector was intended to improve the population's education levels in order to promote the country's economic and social development. This was in line with the education policy priorities of the partner country, which placed importance on education and training as key factors in alleviating poverty within its ESSPs and strategy papers on poverty reduction. At the same time, the projects aligned with the priorities of German development cooperation, which values equitable access to education and the quality of education highly in the context of the MDGs and SDGs. Additionally, the projects were consistent with the principles of ownership, harmonisation and alignment, as well as the prevailing concept throughout the period under review; programmes funded by the donor community at sector or macro-level best met these principles.

Mozambique's education spending amounted to around 6-7% of GDP over the period under review, representing around 20% of the government budget. More than half of education spending was directed to primary school support. FASE's average contribution to education spending was 16% between 2009 and 2014 (2004-2014: 13%). The plurality of these funds (43%) was channeled into investment measures for the education sector. In light of factors including the background circumstances – with schools in a poor state of structural repair, and insufficient availability of classrooms and teaching materials – this is rated as appropriate.

German FC, which had been involved in the education basket funding since 2002, supported FASE between 2004 and 2014 at an average level of 22%. Other important donors joined proceedings during this period, such as the World Bank/Global Partnership for Education (25%), Canada (16%), the Netherlands (10%), Finland (7%) and the United Kingdom (7%). The remaining portion was split between Denmark, Flanders, Ireland, Italy, Portugal, Sweden, Spain, the EU and UNICEF. The Netherlands withdrew from the FASE financing in 2011, with Denmark and Spain doing the same in 2012; the UK Aid Direct fund set up by the British DFID in 2014 decided to discontinue its payments from 2015, while Canada and other donors cut their FASE contributions.

Measured against Mozambique's total Official Development Assistance, FASE took up an average of 5.2% over the period under review. Budget execution for the education sector averaged 94% between 2006 and 2014; this figure was 98% on average for the budget funds and 83% for FASE. Compared with the execution rate of 59% for other external funds in the education sector, the FASE funds' absorptive capacity via the programme partner was far more satisfactory.

From today's perspective, we class the ESSP FASE III-VI projects as highly relevant and rate them as very good in light of Mozambique's key problem of deep-set quality and quantity shortcomings in the education sector, and its bleak standing initially stemming from the Civil War.

Relevance rating: 1 (all phases)

Effectiveness

Stable and predictable financing for the implementation of Mozambique's ESSPs, along with basket funding, was intended to help achieve equitable access to the educational system and make a contribution to higher educational quality in Mozambique. During the period under review, measured by the net school enrolment rates (NERs) within primary education, there was an immense quantitative development in the educational system coinciding with a decrease in the gender gap. In terms of all children of primary school age, the NERs rose on average by 1.3% a year, even rising to 1.5% a year among girls. The NERs also improved in secondary schooling, albeit to a smaller degree.

The positive changes in quantity were not accompanied by a corresponding improvement in the quality of education. The data do show a positive trend with regard to the pupil-teacher ratio, although the target values were only reached in ESSP FASE IV. The year repetition rates, which were added as an indicator for the quality and efficiency of the educational system within the scope of the ex post evaluation (EPE), suggest a negative trend – as do the drop-out rates. Nor was it possible to achieve the set targets during the school construction component, for which indicators were defined at output level in the ESSP FASE V and VI projects. These were measured by the availability of classrooms and the presence of manuals for maintenance and repairs. Only the objective regarding classroom material and schoolbook availability was actually met.

As to the effectiveness of basket funding as a financing mechanism, we would note that this was decisive in helping to greatly improve access to the educational system nationwide.[1] In the course of FASE, it was not possible to find any preferential allocation of funds to politically influential regions or population groups, in contrast with the state of affairs that often exists for donor-financed individual projects. The well-established and robustly structured FASE policy dialogue also paved the way to better coordinating donors' activities in the education sector and acting to reduce duplication of activities, since the dialogue forums were also open to donors who did not financially participate in FASE.

On the other hand, the dialogues in the working groups with the donors were judged to be deficient and hardly effective, as they were too demanding of time and resources in terms of coordination and harmonisation, too much focus was put on monitoring and follow-up, and there was a lack of specialist knowledge. This made it more difficult to implement measures or had an adverse effect in this regard. Weak institutional capacities, especially at provincial and district level, also fell into this category. Along with the deficiencies in infrastructure, the latter factor prevented full adoption of national procedures that were implemented within the scope of FASE, such as e-Sistafe, the accounting, payment and information system used in public finance management to which all ministries, province administrations and districts are now connected.

However, on the whole, one must not overlook the significant progress made during the period under review in the face of the challenges and unmet targets described above. Alongside the substantial progress with the size of the education sector, there were also important improvements to be observed, for instance, with the management of planning, finances and procurement in the school construction component resulting from FASE's standards and measures. Stable and predictable financing is necessary in order to make progress of this kind. This prerequisite was in place more strongly during the execution of the second ESSP (2007 to 2010/11), which included the ESSP FASE III and IV projects. However, it diminished with the implementation of the third ESSP (2012-2016/19) and the increasing extent of linkage with payment-related indicators from 2013 onwards, as well as with the division into fixed and variable payment tranches. Strong exchange rate fluctuations and cancellations or delays in planned donor contributions were also factors here.

In view of this situation, the effectiveness of ESSP FASE III and IV is still rated as good, though the effectiveness of ESSP FASE V and VI is only satisfactory, as the quality of primary education could not be increased in these phases.

Effectiveness rating: 2 for ESSP FASE III, IV, 3 for ESSP FASE V and VI

Efficiency

Considerations of (a) (production) efficiency and (b) allocation efficiency produce different findings when it comes to the level of efficacy in target achievement.

a) One of the key components of FASE was the school construction programme, as growth in the NER required more classrooms. The annual potential construction volume was restricted by the FASE funds whose availability fluctuated from year to year, as well as by highly limited funds for investments from the MINEDH budget. Additionally, the school construction came with numerous setbacks across the evaluation period. The school construction programme suffered from natural disasters that destroyed the new buildings and prevented works from being carried out, as well as under capacity from local building contractors, inadequate ability with regard to planning and award of contracts on the part of provincial and district authorities, a lack of funds or delayed provision of funds from MINEDH, and upper limits for building costs per classroom that were set unrealistically low at USD 10,000. Neither did raising the cost limit to USD 14,000 bring the desired success of having more classrooms completed. In 2015, the average cost after having raised the cost limit was USD 28,000 per classroom. The creation of a maintenance and repair plan for the existing and new school buildings was neglected. In the end, between 2004 and 2014,

[1] The expansion in the size of the education system that was possible is attributable not only to the FASE funds but also to the general budget support (GBS); in addition, the internal funding increased by an average of 8% a year between 2008 and 2014. This demonstrates that neither the sector basket funding nor the GBS was a disincentive to generating government revenue.

significantly fewer classrooms were created in the course of FASE than planned.[2] Exclusively erecting the school buildings outside of FASE with project finance would presumably not have resulted in more cost-effective results, as the administrative and construction work problems would have been similar.[3]

b) Along with the payments FC contributed to the education sector basket fund, German FC also participated in the GBS for Mozambique. The aggregate GBS from all 17 donors supported around 35% of the government budget during the period under review. This made a considerable contribution to financing the government services, albeit one that decreased over the course of time. In spite of falling donor interest in GBS as an instrument, it represented up to 30% as a subset of the plannable support funds committed to Mozambique. Several donors withdrew from the GBS from 2012 onwards due to differences with the partner country's government. These included German development cooperation; the EU also discontinued its budget assistance to Mozambique in 2016.[4] In addition, the International Monetary Fund (IMF) called its continued financial support of Mozambique into question after the revelation in April 2016 that state-owned enterprises had kept new illicit foreign borrowing to the tune of USD 2 billion a secret.[5]

In terms of allocation efficiency, the parallel use of GBS and sector basket funding is viewed critically, as neither the supply of resources to the education sector from GBS nor from FASE was reflected in an improvement to education levels. Moreover, the duplication of the necessary consultations with the other donors and programme executing agencies[6] increased both donor and recipient transaction costs. In any case, the political dialogue became more demanding of resources and more difficult over time. In particular, the development cooperation instrument of GBS was increasingly judged critically by many donors, while at the same time confidence in the ruling party FRELIMO suffered in light of abuse of power and internal party power plays. As FC contributions to the education sector basket fund were falling, the coordination with other GBS donors that was necessary at the same time and the increasing "need for dialogue" in the numerous working groups also meant higher transaction costs per EUR. Additionally, the disbursements of funds to which conditions were increasingly being attached by the donors compromised the reliability of planning for the partner country, as well as fundamentally contradicting the logic behind GBS and basket funding. On the other hand, considering the general conditions in Mozambique, a sectoral budget support package would not have been a better or more cost-effective alternative to the education basket funding for purposes of target achievement. This enabled a stronger focus on the pressing problem of school construction.

In summary, we still rate the efficiency of ESSP FASE III and IV as good, and ESSP FASE V and VI as satisfactory on account of growing losses in allocation efficiency.

Efficiency rating: 2 for ESSP FASE III and IV, 3 for ESSP FASE V and VI

Impact

The development objective (impact) of the ESSP FASE III-VI projects was to improve the education level of the population in order to promote the country's social and economic development. The illiteracy rate can be used as an indicator to determine the education level in Mozambique. This dropped 5%, from 50% in 2007/2008 to 45% in 2014/2015. However, this remains very high among women in rural areas, where it stands at 72% (nationally: 58%). Reviewing the pass rates for primary schools reveals that only 47.9% (2015) complete the seven years of primary school – with large disparities between provinces and income quintiles. However, this pass rate could not be increased in the long term over the period under review.

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[2] In the documents evaluated, 7,648 classrooms are cited as having been created in the course of FASE, compared with 60,000 initially planned for within 10 years. The number of new and rehabilitated classrooms comes to 1,171 for 2014, and only 411 for 2015.

[3] Cf. Mozambique Ex Post Evaluation: Promotion of Primary Education/Parallel Financing ESSP, 2013, p. 5. Classrooms created in the parallel school construction programme (BMZ No. 2005 66 711) were designated as higher-quality but more expensive.

[4] Cf. Mozambique Ex Post Evaluation: General Budget Support, 2016. An evaluation of the budget support for Mozambique between 2005 and 2012 had still rated this financing mechanism as positive overall.

[5] After international pressure, specific details of these loans borrowed from Credit Suisse and Russian-owned VTB Capital were disclosed in June 2017 due to an independent audit (Kroll 2017). Against the background of the Mozambique loan scandal, rating agency Standard & Poor's set Mozambique's creditworthiness to "selective default" status in August 2017; https://www.standardandpoors.com/en_US/web/guest/article/-/view/type/HTML/id/1895913 (accessed 4 November 2017).

[6] The Mozambican Ministry of Finance was the GBS' programme executing agency, while the Ministry of Education was FASE's.

National reading aptitude assessments also yielded unsatisfying results. Starting from a very low baseline, reading skills among Year Three pupils worsened from 6.3% in 2013 to 4.9% in 2016.

The poor pupil achievement was mainly related to the teaching staff's frequent absence; lack of skills, qualifications and motivation; and co-option for political ends. A regional comparison also illustrates the fact that Mozambique predominantly performs significantly worse on the education indicators than other countries in the region at impact level. In terms of the economic and social development in Mozambique, we can confirm positive impacts over the period under review, such as the reduction of poverty. However, a direct link between broad-based growth and the execution of the education strategies, for instance, cannot be clearly drawn at this time.

With FASE, it was far from possible to completely attain the development objectives of improving the education level to promote economic and social development. However, programme-oriented joint financing packages like the basket funding are also intended to contribute to sustainably improving governance criteria in the partner countries such as transparency, accountability, and the effectiveness and efficiency of public administration and management of public finances. In this regard, there were occasional positive changes to be observed in Mozambique. The ESSP FASE III-VI FC projects under evaluation (as well as the GBS) had a decisive influence on these changes. Even so, the Mozambican government's handling of the loan scandals caused by state-owned enterprises during the past few years has made it clear that there is still a substantial need for improvement in relation to transparency, accountability and the rule of law. Nonetheless, we still rate the developmental impacts of FASE as satisfactory overall across all phases.

Impact rating: 3 (all phases)

Sustainability

In the short term, we can expect that the positive impacts found from increased access to primary education and fewer school infrastructure deficiencies will remain intact, especially since the government of Mozambique and its incumbent FRELIMO party continues to see the improvement of the education situation as an important task. In the ESSP extended until 2019, providing a quality education to all is listed as one of the government's main strategies to reduce poverty and to develop the country.

Over the medium to long term, however, there are considerable risks to the sustainability of the positive impacts from today's perspective. Whether the education sector continues to be supplied with the same amount of funds in the years ahead, or whether this is substantially increased, will crucially depend on the country's overall economic development, and the duration and scale at which the donor community is prepared to carry on the education basket funding.[7]

Current World Bank and IMF projections for economic development in Mozambique assume annual economic growth of 6.7% (2019) that would significantly exceed the demographic growth rate. However, the political instability in Mozambique calls this dynamic growth outlook into question, and this is compounded by the uncertain outcome of Mozambique's debt rescheduling negotiations with foreign creditors. It is unclear whether it will be possible to offset FASE payment contributions from the donor community, which are trending downwards, with a corresponding increase in domestic funds from the government budget. The sustainability of the impacts achieved by FASE with FC support also depends on whether the planning and implementation capacities of MINEDH and financial management on all levels can be improved.

In light of the risks at hand and the diminishing trend for FASE contributions, we rate the sustainability of ESSP FASE III–VI as satisfactory.

Sustainability rating: 3 (all phases)

[7] In April 2017, Mozambique joined GPE, WB, UNICEF, Germany and five other bilateral donors in signing an arrangement to continue the FASE financing and improve the quality of primary education. https://www.globalpartnership.org/news-and-media/news/mozambique-signs-agreement-donor-partners-improve-primary-education

Notes on the methods used to evaluate project success (project rating)

Projects (and programmes) are evaluated on a six-point scale, the criteria being **relevance, effectiveness, efficiency** and **overarching developmental impact**. The ratings are also used to arrive at a **final assessment** of a project's overall developmental efficacy. The scale is as follows:

Level 1	Very good result that clearly exceeds expectations
Level 2	Good result, fully in line with expectations and without any significant shortcomings
Level 3	Satisfactory result – project falls short of expectations but the positive results dominate
Level 4	Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results
Level 5	Clearly inadequate result – despite some positive partial results, the negative results clearly dominate
Level 6	The project has no impact or the situation has actually deteriorated

Rating levels 1-3 denote a positive assessment or successful project while rating levels 4-6 denote a negative assessment.

Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability): The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The **overall rating** on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Rating levels 1-3 of the overall rating denote a "successful" project while rating levels 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effectiveness"), the impact on the overall objective ("overarching developmental impact") and the sustainability are rated at least "satisfactory" (level 3).