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PROJECT PAPER

ON A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT SDR 23.4 MILLION
(US\$37 MILLION EQUIVALENT)

TO THE

REPUBLIC OF MOZAMBIQUE

FOR A

TECHNICAL AND VOCATIONAL EDUCATION PROJECT

June 6, 2011

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CURRENCY EQUIVALENTS

(Exchange Rate Effective January 30, 2011)

Currency Unit = Metical (pl. Meticais)
MZM33 = US\$1
US\$ 1 = SDR 0.69

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ANEP	<i>Autoridade Nacional da Educação Profissional</i> / National Training Authority
AF	Additional Financing
CAS	Country Assistance Strategy
CBT	Competency-Based Training
CIREP	<i>Comissão Interministerial para a Reforma da Educação Profissional</i> / Interministerial Commission for Professional Education and Training Reform
COREP	<i>Comissão Executiva de Reforma da Educação Profissional</i> /Executive Commission for Professional Education and Training Reform
CPs	Cooperating Partners
CPS	Country Partnership Strategy
DCA	Development Credit Agreement
DINET	<i>Direcção Nacional da Educação Técnico Profissional e Vocacional</i> /National Directorate for Vocational and Technical Education
ES	Executive Secretariat
ESG	<i>Ensino Secundário Geral</i> /General Secondary Education System
ESMF	Environmental and Social Management Framework
FMRs	Financial Monitoring Reports
FMS	Financial Management System
FUNDEC	<i>Fundo para o Desenvolvimento de Competências Profissionais</i> / Skills Development Fund
GoM	Government of Mozambique
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
INEFP	<i>Instituto Nacional do Emprego e Formação Profissional</i> / National Institute for Employment and Training
MEP	Monitoring and Evaluation Plan
MICOA	Ministry for the Coordination of Environmental Affairs
MINED	Ministry of Education
MINTRAB	Ministry of Labor
MTR	Mid-Term Review
NTA	National Training Authority
OM	Operational Manual

OP/BP	Operational Policy/Bank Procedures
PAD	Project Appraisal Document
PARPAII	Poverty Reduction Action Plan
PDO	Program Development Objective
PIREP	<i>Programa Integrado de Reforma da Educação Profissional</i> / Integrated Program for Training Reform
PPP	Public, Private Partnership
QALP	Quality Assessment of Lending Portfolio
QMS	Quality Management System
REP	<i>Reforma da Educação Profissional</i> / Vocational Education Reform
ROR	Rates of Return
RPF	Resettlement Policy Framework
SDR	Special Drawing Right
SADC	Southern African Development Community
SISTAFE	Government Financial System
TVE	Technical and Vocational Education
TVET	Technical and Vocational Education and Training
VT	Vocational Training
WB	World Bank

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TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING PROJECT

PROJECT PAPER

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**REPUBLIC OF MOZAMBIQUE
MOZAMBIQUE TECHNICAL AND VOCATIONAL EDUCATION PROJECT
ADDITIONAL FINANCING**

PROJECT PAPER DATASHEET

Basic Information - Additional Financing (AF)	
Country Director: Laurence Clarke Acting Sector Manager/Sector Director: Peter Materu / Ritva Reinikka Team Leader: Ana Ruth Menezes Project ID: P125283 Expected Effectiveness Date: October 31, 2011 Lending Instrument: Sector Investment Loan (SIL) Additional Financing Type: Financing Gap	Sectors: Education Themes: 100% Vocational Education Environmental category: B – Partial Assessment Expected Closing Date: September 30, 2014 Joint IFC: Joint Level:
Basic Information - Original Project	
Project ID: P087347 Project Name: Mozambique Technical and Vocational Education Project Lending Instrument: SIL	Project ID: P087347 Project Name: Mozambique Technical and Vocational Education Project Lending Instrument: SIL
AF Project Financing Data	
[] Loan [X] Credit [] Grant [] Guarantee [] Other: Proposed terms: Repayable in 40 years, including a grace period of 10 years	
AF Financing Plan (US\$m)	
Source	Total Amount (US\$37m)
Total Project Cost:	37.0
Others:	0
Borrower:	0
Total Bank Financing:	37.0
IBRD	37.0
IDA	37.0
New	37.0
Recommitted	
Client Information	
Recipient: Responsible Agency: Ministry of Education Contact Person: His Excellency Zeferino Martins Telephone No.: +258 21 480700 Fax No.: +258 21 490979 Email: not available	
AF Estimated Disbursements (Bank FY/US\$m)	

FY	12	13	14	15		
Annual	10	12	12	3		
Cumulative	10	22	34	37		
Project Development Objective and Description						
<p>Original project development objective: The original PDO is to facilitate the transition of the existing TVET system to a demand-led training system and provide beneficiaries with more market-relevant skills and improved economic opportunities.</p> <p>Revised project development objective: <i>To improve the quality and relevance of technical and vocational training in Mozambique, with a focus on selected key TVET institutions and programs.</i></p> <p>Project description: The project has four components: Component A - Development of an Institutional Framework that supports TVET institutional reform; Component B - Development of Standards-Based Qualification and Training System which supports educational reform through the introduction of a competence based curriculum in equipped and rehabilitated pilot schools. The system is guided by a national professional qualification framework designed by the productive sector (employers and workers' organizations); Component C - Quality Improvement in Training Institutions which supports the creation of adequate infrastructures in the pilot schools; and Component D - Skills Development Fund which supports innovation and initiatives for the improvement of quality and relevance of training and to increase access to employment-oriented TVET for underserved population groups.</p>						
Safeguard and Exception to Policies						
Safeguard policies triggered:						
Environmental Assessment (OP/BP 4.01)				[x]Yes []No		
Natural Habitats (OP/BP 4.04)				[]Yes [x]No		
Forests (OP/BP 4.36)				[]Yes [x]No		
Pest Management (OP 4.09)				[]Yes [x]No		
Physical Cultural Resources (OP/BP 4.11)				[]Yes [x]No		
Indigenous Peoples (OP/BP 4.10)				[]Yes [x]No		
Involuntary Resettlement (OP/BP 4.12)				[x]Yes []No		
Safety of Dams (OP/BP 4.37)				[]Yes [x]No		
Projects on International Waters (OP/BP 7.50)				[]Yes [x]No		
Projects in Disputed Areas (OP/BP 7.60)				[]Yes [x]No		
Does the project require any waivers of Bank policies?				[]Yes [x]No		
Have these been endorsed or approved by Bank management?				[]Yes []No		
Conditions and Legal Covenants:						
Financing Agreement Reference	Description of Condition/Covenant		Date Due			

Section IV. Withdrawal of the Proceeds of the Financing, (B) 1	No withdrawal shall be made from the Additional Financing in respect of an item or an activity under any part of the Project described in Schedule 1 of the Financing Agreement, if such item or activity has been, or will be, presented for disbursement under the Dutch Co-financing.	
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I. INTRODUCTION

1. This Project Paper seeks the approval of the Executive Directors to provide an additional Credit in the amount of SDR23.4 million (US\$37 million equivalent) to the Republic of Mozambique for the Mozambique Technical and Vocational Education Project (P125283) (Cr. 4156). The proposed additional financing would fill a financing gap created by inflation and an underestimation of construction and equipment costs. The government is also requesting that the project be restructured to: (a) extend the project closing date; (b) modify the project development objectives and outcome indicators to align them with current implementation realities; (c) scale back the scope of project school rehabilitation; and (d) eliminate Project support for the creation of the National Training Authority and alignment of National Directorate for Technical and Vocational Education (DINET) and National Institute for Employment and Training's (INEFP) roles, responsibilities and institutional arrangements.

2. Mozambique has had an excellent growth and poverty reduction record since 1992. Average real gross domestic product (GDP) growth rate soared from zero percent (1981–92) to 8.1 percent (1993–2009) and real GDP per capita almost doubled after 1992. Mozambique is the fastest growing non-oil economy in Sub-Saharan Africa. This performance has been anchored on sound macroeconomic management and structural reforms, strong donor support, and mega-project investments. Nevertheless, the productive base of the economy remains narrow, and is focused on subsistence agriculture and a few isolated mega-projects.

3. Mozambique needs to diversify its exports into non-traditional commodities that have higher value added and offer greater potential for job creation. Strategic investments need to be made in education and job-training in order to upgrade the skills of Mozambique's labor force. More than 90 percent of the labor force has no formal education or only five years of education. Continuing to invest and prioritize education is important for inclusive growth, but in the long-run, effective demand for education can only be sustained if it results in increased financial benefit. Training is an important determinant of individual and collective income. To sustain above average economic growth, keep the country attractive for investors and to provide a boost to poverty reduction, investments in technical and vocational education (TVET) remain important.

4. The lack of skilled workers makes Mozambique unattractive for investors and reduces the profitability of enterprises. The lack of skilled workers is largely due to the weak education system and technical and vocational education (TVET) is particularly underdeveloped. The training institutes and schools operate in degraded and inadequate facilities, the lack equipment and the teaching curricula is outdated and no longer responds to the market. There is no clear qualification system that integrates education and training with the professional qualifications demanded by the market. Moreover, the system has been administered by two ministries in a non-integrated way: the Ministry of Education (MINED) through National Directorate for Technical and Vocational Education and the Ministry of Labour (MINTRAB) through the National Institute for Employment and Training (INEFP).

5. The 2004 report on Skills Development in Mozambique: Issues and Options¹ identified the key issues and challenges that are vital for the future development of TVET to ensure it can be transformed into a system capable of responding flexibly and effectively to changing economic needs and labor market demands. The key sector issue was: a severe shortage of appropriately skilled and qualified workers. The study also highlighted the poor relevance due to the lack of involvement from employers and industry representatives in defining occupational standards and learning contents for the courses offered in the public training system.² An additional cause of concern was the acute shortage of relevant training earmarked for employment and self-employment in the informal sector, particularly for school leavers who may have only attained primary education. This situation is further compromised by the lack of recognition of informal training. This is exacerbated by: (i) lack of skilled teaching staff, (ii) a shortage of teaching aids, (iii) dilapidated workshops for practical training; and (iv) outdated curricula that is overloaded with academic subjects and few linkages with industry. Another major bottleneck derive from the fact that the governance and management of the public training system has not involved employers, industry representatives or civil society to any significant extent, with the consequence that training programs and the curricula remained disconnected from the labor market context.

6. The Government responded to the sector issues and challenges outlined above with substantial efforts to align training policies and transform the training system. They did this by creating a consultative institutional framework for TVET development which is underpinned by the TVET strategies that informed the design of the current project.

7. The current reform is being implemented and managed through an interim 3-level institutional structure which was recently approved by the Council of Ministers (Decree No. 29/2005). This 3-level structure consists of: (i) a political level which is known as the *Comissão Interministerial para a Reforma da Educação Profissional* (CIREP), composed exclusively of seven Ministers from relevant portfolios and chaired by the Prime-Minister. This body is responsible for the approval of policies which will guide reforms performed by the lower level bodies; (ii) an executive level, known as the *Comissão Executiva de Reforma da Educação Profissional* (COREP), which is composed of 12 members, of which six are from government and six are from the private sector; (iii) Executive Secretariat for the National Commission for the Professional Education Reform (COREP-ES) which under the orientation and direction of COREP is the executive body in charge of the implementation of professional education policies performs results monitoring and advise COREP regarding formal and non formal training policies. The establishment of the *Comissão Executiva da Reforma da Educação Profissional* or Executive Commission for Professional Education Reform through Decree 29/2005 (modified by Decree 16/2007) created the space for greater coordination and harmonization of policies and strategies to address the lack of relevant skills in the current labor market. COREP's operation is managed by a board chaired by the Minister of Education and its deputy president is the Minister of Labour. The process of building a stronger platform for policy dialogue among the major stakeholders in the TVET reform is starting to take shape.

¹ See World Bank, 2004. Skills Development in Mozambique: Issues and Options. Washington, DC. Report No. 29492.

² The Baseline study on Professional education in Mozambique confirms that graduates lack of required technical skills.

Among policy makers there is recognition of the importance of the reform. However, lack of qualified technical staff has slowed down the coordination and implementation of reforms. Capacity building activities have improved the skills of the technical staff and performance has improved such that the reforms are moving forward and the government has increased the budget for TVET activities that include joint planning and monitoring.

Partnership Arrangements

8. The Netherlands is phasing out support to education in Mozambique due to budget cuts associated with the economic crisis. Based on this policy decision, their co-financing support for the current project will end as of October 31, 2011. However, support from DANIDA, Spanish Cooperation, Portugal, Italy, Canada among others, will continue to support TVET activities through parallel financing. The German Cooperation and *Rede de Salesianos* will continue to provide technical support.

II. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

Project background and achievements

9. In October 2005, the Minister of Planning in Mozambique issued a letter, addressed to the World Bank (WB), outlining the government's policy on technical and vocational education reform³ and requesting Bank assistance in reforming the vocational education system through the establishment of a new paradigm, where training, is more relevant for the country's development and has quality international standards. In March 21, 2006, the Mozambique Technical and Vocation Education (TVET) project was approved by the World Bank Board of Directors in the amount of US\$37.5 million, of which US\$30 million was an IDA Credit and US\$7.5 million was a Grant from the Netherlands to support the government first five-year phase of its plans for the integrated program for the reform of professional education, *Programa Integrado da Reforma da Educação Profissional* (PIREP). PIREP aims to improve the quality and responsiveness of the TVET system to labor market needs by providing appropriate skills training that is delivered in a sustainable, integrated, effective, and equitable manner. The ongoing project developed the first steps toward achieving these objectives. The current project development objective (PDO) is to facilitate the transition to a demand-led training system and provide beneficiaries with more market relevant skills and improved economic opportunities.

10. The project became effective on June 29, 2006. Soon thereafter, a project implementation team was established under the supervision of an (interim) stakeholder governing body, COREP. COREP's operation is managed by a board chaired by the Minister of Education.

11. In October 2010 there was an amendment to the Administration Agreement with the Netherlands which reduced the total amount from the Netherlands to US\$6.7 million and modified the closing date to October 31, 2011.

³ Letter of Development Policy for Vocational Education: Minister of Planning and Development (Mozambique).

12. During the last 12 months of project implementation the implementation progress has been rated consistently **moderately satisfactory and satisfactory**. The Bank has conducted nine supervision missions and carried out a mid-term review (MTR) in May 2009. The project was also part of a Quality Assessment of Lending Portfolio (QALP-2) review in August 2010. While the reviews noted several positive achievements in implementation progress, both reviews identified some of the project weaknesses: (i) underestimation of the time necessary for curriculum development; (ii) implementation progress being slow due to planning issues that hampered correct articulation and sequencing of activities; (iii) problems with the establishment of the national TVET oversight body; (iv) procurement problems due to the need to import most goods and services; and (v) underestimation of project costs that was exacerbated by inflation. The reviews also indicated that achievement of the development objectives was more likely if the project was restructured and the scope reduced. Since these reviews the project has made progress in terms of improving the quality of the education provided by the targeted institutions. The framework for developing curricula has been established and is fully functional and curriculum reform has reached the classrooms. Information gathered by the project's implementation unit shows that the quality of training is being improved and firms have shown interest in hiring students as interns even before they graduate. Detailed achievements by component are discussed below. Disbursements reached 75 percent as of May 15, 2011 and 95 percent of the funds are committed. There are no unresolved fiduciary or safeguard issues.

13. **Substantial compliance with covenants embedded in the original Development Credit Agreement for the Project.** The initial obligations of the Development Credit Agreement (DCA) for the original project have been substantially complied with. However, the following covenants are outstanding and will be dropped from the additional financing: (a) Section 5.01 pertaining to the creation of the national training authority; and (b) paragraph A.4 (c) of Schedule 4 to the DCA, related to the transition strategy to align DINET and INEFP. The creation of a national training authority could not be accomplished by the agreed date of December 31, 2010, due to initial delays in project implementation. The original project design included the creation of an umbrella organization (national training authority) to oversee the implementation of the TVET reform. However, the project results are not dependent on creation of the oversight body with the revised PDO therefore; this was dropped from the project design. Although, the creation of the umbrella organization is being dropped from the project, the government is going through the process of lengthy consultations with industry, civil society, beneficiaries of the TVET training system, and government institutions, among others, to create an oversight body as well as regional workshops to ensure that the appropriate models for governance, management and financing of the TVET system are developed. Workshops have been held and the government is currently analyzing the alternative models and will make their recommendation to Parliament for approval upon completion of their process. The transition to align DINET and INEFP could also not be fully completed thirty-six months after the effectiveness date because these units are linked to the overall TVET models currently being analyzed by the government therefore, this covenant is also being dropped. However, the functions and responsibilities of the INEFP and DINET are gradually being aligned due to the ongoing TVET reforms and strategies.

The Project Development Objective (PDO) and associated Results Framework are being restructured as part of the additional financing and will be more narrowly focused on the quality and relevance of TVET training at key TVET institutions and programs.

Component A - Development of an Institutional Framework (US\$1.0 million including the costs of an Executive Secretariat)

14. The objective of this component is to reform the governance and management structures for the training system and develop options for the reform of a system of financing in collaboration with the relevant industry representatives and social partners. There are four sub-components, addressing (i) the institutional framework for the governance of the TVET system, including capacity building and establishment of labor market monitoring mechanisms, (ii) the mechanisms for providing a sustainable financing basis for the TVET system, (iii) the arrangements for decentralized management of up to 12 pilot TVET institutions,⁴ and (iv) studies and other research related activities to facilitate the transition to a demand-led TVET system, the pedagogical strategies to articulate the academic and technical modules in the context of a competency-based scheme, and the incorporation of the informal sector into PIREP and the impact and mitigation of HIV/AIDS on training institutions and workplace issues. A major thrust of the component is to encourage the involvement and active participation of industry and enterprises in the management of TVET institutions and to move towards the coordination and articulation of the different skills development programs, offered by different providers. This component also provides the funding for an Executive Secretariat (ES) of COREP which coordinates the implementation of PIREP. The participation of the private sector is one of the key elements of the success of this reform.

15. After a difficult start this component has been making steady progress towards the development of alternative arrangements to establish a TVET governance and administrative structure. Government has drafted the TVET regulatory framework for reform of the system and the associated decentralization. The framework was developed in collaboration with industry and includes a reform of the administration and financing system. The draft is still being discussed with the various stakeholders, including the private sector, in an effort to ensure that the regulatory framework is flexible and responsive to market needs. Some of the remaining challenges are related to implementing a company levy system. Although there is resistance to a levy system, some companies, many of them medium to big foreign firms, seem willing to contribute to a TVET fund provided they have representation on the fund board of directors. The government is currently discussing how best to accommodate TVET priorities and corporate concerns related to the TVET fund.

16. Other achievements under this component include: (i) completion of a baseline study in early 2007 that helped to better define the project development indicators and develop intermediate outcome indicators; (ii) completion of an institutional management capacity assessment study that contributed to the creation of a capacity building plan that was used to develop a training program for managers and teachers at target institutions; (iii) completion of a

⁴ In the PAD there are 16 pilot institutions listed as pre-selected training institutions for the pilot project. Four of these institutions were to be supported by *Rede de Salesianos*. The project was to support the rehabilitation of up to 12 schools. IIC Pemba was on the original list of pilot schools but it was not included in the original costing of the project due to an oversight during preparation.

quality management system (QMS) strategy and the necessary implementation manuals; (iv) development of a management information system; (v) country wide consultations and agreement on alternative models for governance, management and financing of the TVET system which the government is analyzing; (vi) completion of strategic studies that have informed the process for the creation of the Mozambican national training authority;⁵ and (vii) the establishment of an implementation unit with increased project implementation and sector specific capacity. The HIV/AIDS mitigation programs have been mainstreamed throughout the education system in Mozambique. The project schools have received all the pamphlets and literature that are provided by the Ministry of Education and this is a continuing mitigation program.

17. The 2007 baseline study indicated that: (i) on average it took approximately 200 days for a TVET graduate to find a job or become self-employed after graduation; (ii) only 27 percent of graduates found jobs or created jobs that were directly linked to their field of study; and (iii) of those that found jobs in professions related to their field of study, 91 percent were perceived, by their employers, to have satisfactory general skills to perform their duties and 40 percent were perceived to have satisfactory technical skills, (such as an ability to use complex equipment). The project will conduct an additional tracer study to assess the impact of the new Competency Based Training (CBT) system. It is expected that the results from the tracer study will show a more positive picture with the introduction of the new CBT curriculum.

Component B - Development of Standards-Based Qualification and Training System (US\$5 million)

18. This second component aims to transform the current curriculum-based TVET system into a system based on occupational standards to ensure that enterprises and experts in the world of work have a strong influence on the definition of competencies and training content; that a transparent and legitimate assessment system can be established; and that target groups with different training and learning backgrounds will be able to access the TVET learning system being recognized for their skills regardless of where the learning/skills acquisition takes place. The component is divided into three sub-components addressing (i) the development of occupational competency standards, (ii) the development of modularized training course programs based on these occupational standards, and (iii) the development of a standards based assessment and certification system.

19. This component has made substantial progress. There were initial delays due to lack of local capacity to undertake the task of developing a qualifications framework that was a demand based model of technical education. However, once a team was established and capacity consolidated, the following was achieved: (i) development of the National Vocational Qualifications Framework approved by COREP in December 2008. The process was well designed and the ongoing development of the new qualifications is being implemented with good representation from the private sector (i.e., MOZAL, Mozambique Electricity, Mozambique

⁵ Examples of the studies include: a labor market observatory study that surveyed industry to determine the demand side labor needs (which continues); a review of the Mega projects in Mozambique and how the TVET system can interface with international companies and their labor needs, and a study on to improve governance and financing of TVET, and sector profile studies in tourism, construction, mining, energy and fisheries.

Railways, Mozambique Telecommunications, Agro-Alfa, CITRUM, Fruitsul, Acucareira de Xinavane, SASOL among others) have been involved in the design of the occupational standards or in validation panels), civil society, and the government. Technically, the framework was based on experiences from other countries and adapted to the Mozambique requirements, and validated by the Mozambican stakeholders and (ii) the design of policies, strategies, guides and manuals that support the qualification system's have been completed and are available.⁶

20. Using the new framework, the project has developed new curricula in four areas: (i) industrial maintenance, (ii) hospitality and tourism, (iii) agriculture and agro-business, and (iv) administration and management. The new curricula are currently being piloted in five project schools. This includes all the competency standards and definition, the training programs required to deliver the new competency based course and the standards based assessment and certification system. Development and piloting of curricula is a time consuming process and was underestimated during project preparation and the initial stages of implementation. Despite the underestimation of time, five courses have now been developed and are being piloted (electricity, mechanic, accountancy, tourist guides and agriculture). In addition, the framework has been institutionalized and capacity is improved such that the development of additional courses will be a smoother process. This can be seen in the number of non-project supported schools that are now piloting the new competency based curriculum, i.e., Instituto Agrário de Chókwé, Instituto Agro-Pecuário de Nacuxa, Instituto Agrário Boane are piloting the agriculture curriculum.

Component C - Quality Improvement in Training Institutions (US\$19 million)

21. This component is designed to address the quality problems affecting DINET and the INEFP institutions. It comprises five sub-components: (i) the development and piloting of courses for teachers and management staff; (ii) the supply of relevant furniture, equipment, tools, and consumables; (iii) planning and implementation of the necessary rehabilitation of the physical infrastructure; (iv) the acquisition, development and piloting of new learning materials; and (v) the development and piloting of student counseling and career path guidance methods, including assistance in facilitating internship arrangements with industry.

22. This component has been strongly affected by the initial underestimation of costs and inflation, particularly with regard to school construction and procurement of technical and teaching equipment. During the mid-term review it was evident that only six of the original 12 pilot institutions would receive funds for rehabilitation and equipment and in some cases only partial rehabilitation could be provided. These institutions are using the new curricula and have enough equipment and trained teachers to enroll the first cohort of students with an expected graduation of December 2011. In the meantime, the government, with its own resources, is rehabilitating two schools that could not be covered with project funds, *Escola Agrária de Lichinga* and *Escola Industrial e Comercial de Inhambane*.

⁶ An external evaluation carried out in 2009 confirmed that the process was well designed with relevant checks and balances and relevant representation which included the sector training advisory committee, the standards working team, and the validation panel.

23. Limited project resources were available for the training of teachers and school managers due to the underestimation of project costs. Using the limited project resources and support from other development partners, the following has been achieved: (i) in-service teacher training has been conducted and has exceeded the targets by giving priority to teachers at pilot schools; (ii) some school managers and administrative staff have received management training; and (iii) three year full-time courses in hospitality and tourism, accounting and management and 4.5 years distance training courses in agriculture, industrial maintenance and administration and management is taking place in collaboration with *the Instituto Superior Dom Bosco*. The first group of 25 students per trade is expected to finish the full-time course by mid-2011.

Component D - Skills Development Fund (US\$5.0 million)

24. This component is designed to promote innovation and initiatives for the improvement of quality and relevance of training and to increase access to employment-oriented TVET for underserved population groups. The component will finance small grants that can be accessed, on a competitive basis, through the Skills Development Fund (FUNDEC). Unlike Components B and C where re-alignment is envisaged in selected sectors and institutions, activities financed by FUNDEC are not limited to selected target sectors. Instead, the intention is to promote innovation and initiatives for the improvement of quality and relevance of training and at increasing access to employment-oriented TVET courses for the out-of-school (youth and adults with particular emphasis on women) population in rural areas.

25. The achievements under this component have met the expectations of project design. The FUNDEC has increased access of TVET in non-pilot institutions, especially in the rural areas. The project has financed 128 small projects benefitting some 30,000 people throughout the country. Approximately 40 percent of the beneficiaries have been women. The PIREP commissioned an independent evaluation of the implementation of the fund and the results were presented and discussed with major stakeholders in January 28, 2011. The findings indicated that the fund was responsible for: (i) providing seed money for informal sector projects that have contributed to the livelihood of individuals and communities; (ii) creating conditions for the development of new competences; (iii) disseminating new technology and creating opportunities for income generation which has been crucial for the sustainability of some of the sub-projects. The evaluation also found that 50 percent of the sub-projects financed by FUNDEC were outside the capital and have contributed to the improvement of gender and social equity. The evaluation also noted improvements that could be made to the selection criteria by focusing more on innovation and suggested the creation of a new window specifically to support and promote private sector participation. In this regard, the COREP-ES is reviewing the operational manual to ensure better selection of the proposals to be financed and also to create incentives to mobilize more private sector participation.

26. The evaluation also provides guidance for the future sustainability of the Fund and makes recommendations on improvements in the existing Operational Manual to increase the efficacy of the Fund and promote better integration between FUNDEC and the recently approved qualifications framework. FUNDEC funds provided support for programs such as: (i) training in construction and carpentry for out-of-school youth and community members; (ii)

qualification training of railway workers in refrigeration,⁷ and (iii) support for remote and rural communities in developing local handicraft skills.

Consistency with the Country Assistance Strategy (CAS)

27. The Project was approved in the context of the FY04-FY07 CAS that was presented to the Board in November 2003. The subsequent Poverty Reduction Strategy Papers (PRSP) and the 2008-2011 Country Partnership Strategy (CPS), which was endorsed by the Board in April 2007, reiterated the government plan for poverty reduction and skills development. The proposed additional financing remains consistent with all these strategies which envision investment in the TVET sector reform as a means to improving access to post-primary education, and to “increase graduation of Mozambicans with the skills, practices, and attitudes needed to fill technical positions, and create value-adding knowledge and innovation in production.”

Project Financing

28. Alternatives considered included an IDA credit for a new operation. However, the government needed resources to cover cost overruns and a financing gap in the current project. In addition, it was evident that the remaining activities in the project could be implemented within the three year extension under additional financing. Moreover, other donors that contribute to the TVET sub-sector earmark their resources for specific investments so it would not be possible to use these earmarked funds to complete ongoing project activities. Based on these factors, it was decided that additional financing would be the appropriate financing for the project.

Rationale for Additional Financing

29. The justification and analysis that underpinned the project are still valid. The government is still in the process of reforming the vocational education system. Vocational training remains weak and underdeveloped while the demand for skilled workers is increasing. Support for professional education and training remains a priority for government as they try to consolidate the project achievements and mobilize more visible support from the private sector and other stakeholders. Moreover, the project complements the Bank’s efforts to develop the private sector; enhance competitiveness and increase access to quality secondary and higher education. Bank supervision missions as well as a 2009 mid-term review, indicated that the project has been pivotal in creating the institutional framework necessary to monitor changes in the labor market, as well as increasing capacity within the TVET structure to be nimble enough to develop training programs to accommodate the changes.

30. The ongoing project continues to support the development of skilled workers to enable Mozambique to sustain above average economic growth. However, the project faces a financing gap and it will be difficult to complete the project without additional support. The financing gap

⁷ The training provided was the first provided for the requalification of workers in refrigeration. The training was successful with 8 of the 15 trainees immediately employed in the field, and one created a micro company.

is due to the fact that: (i) the Netherlands is phasing out support for the project; (ii) other donors are reducing their overall support; (iii) parallel financing from other donors like DANIDA, Spanish Cooperation, Portugal, Italy, and Canada is earmarked leaving little flexibility for investments; and (iv) the original project underestimated the costs of school rehabilitation and equipment as well as inflation. Therefore, the Republic of Mozambique is requesting Additional Financing from the Bank in the amount of US\$37 million. The Bank is the only viable option to complete the project activities, albeit at reduced levels.

31. The original project costing underestimated the costs of school rehabilitation and equipment and did not adequately account for inflation. Normal inflation coupled with inflation related to the procurement of goods and services during the preparation for the World Cup in South Africa had a large impact in Mozambique since most of the construction materials are imported from South Africa. All of these factors combined, created a situation where the project funds could only partially cover the costs of six project schools out of the 12 identified during project preparation. The original project costs estimated a total of approximately US\$19.1 million for school rehabilitation and equipment for 12 schools. By the project mid-term review, the estimated project costs for full rehabilitation and equipment of the 12 original TVET schools was approximately US\$53.2 million. The shortage of funds has created a financing gap in the project. Even with the additional financing, the project can only support the rehabilitation of nine out of the original 12 schools identified. (See Annex 3 for list of project pilot schools and estimated investments at each school.)

32. The project design also did not take into consideration the time required to create the system, develop curricula, train the appropriate number of trainers in the new curricula and reconfigure institutions, through rehabilitation, to accommodate the training requirements. The framework selected for curriculum development, with involvement of the local private sector, required completion of the occupational skills standards prior to the development of the curriculum to ensure that learning outcomes would be based on the skills levels reflected in the curriculum standards. Similarly, the design of the training facilities and procurement of equipment had to follow the development of the curriculum to ensure their appropriateness for the training program. All of these factors combined delayed implementation of the project.

III. PROPOSED CHANGES

33. First of all, a formal restructuring of the project is being requested. The original Project Development Objective will be simplified to better reflect the intended outcome of the project. The revised PDO is defined as follows: *To improve the quality and relevance of technical and vocational training in Mozambique, with a focus on selected key TVET institutions and programs.* The PDO outcome indicators and intermediate outcome indicators will be revised to be more aligned with the modified PDO and the mid-term review team suggestions to change the indicators because they are not realistic given the current stage of TVET reform and project implementation. (See Annex 1 for the new indicators). The restructuring also includes the elimination of Bank support for the establishment of a national training authority and the corresponding alignment of DINET and INEFP's roles, responsibilities and institutional arrangements that will now be accomplished with the government's own resources. The project results are not dependent on creation of the oversight body with the revised PDO. Finally, the

restructuring of the project will involve scaling back the rehabilitation of TVET institutions from 12 to 9 with provision of equipment for 10 schools⁸ and focusing on the implementation of standards based qualifications in the selected areas of industrial maintenance, agriculture, tourism and hospitality, and administration and management. This will require continued training of teachers and schools managers as well as procurement of related equipment and learning materials, for the schools that remain in the project, to ensure full PDO achievement.

34. The project closing date will be extended to allow for the completion of the project activities. The additional financing proposes to extend the closing date through September 30, 2014.

35. Secondly, the additional financing will provide resources to fill the financing gap in the project. As indicated, the original project costing underestimated the costs of rehabilitation and equipment. To date, the project has only been able to partially rehabilitate six project schools. The additional financing will finance:

- (i) completion of school rehabilitation; procurement of equipment, furniture, books and learning materials; and training of teachers, school managers and education officials for the six schools that were partially funded;
- (ii) new school rehabilitation; procurement of equipment, furniture, books and learning materials and training of teachers, school manager and education officials for three schools (the professional center of electricity located in Maputo; Instituto Industrial of Maputo located in Maputo; and Instituto Agrário de Chimoio); and
- (iii) equipment, furniture, books, learning materials and training of teachers and school managers at the IIC Armando Emílio Guebuza. The Instituto Industrial and Commercial Armando Emílio Guebuza was not on the original list of pilot schools. However, IIC Armando E. Guebuza has been selected to pilot the new qualifications in information and communication technology (ICT) due to the pressing economic need for well trained ICT specialists. This is a new public institution whose board of administration includes the private sector and has shown strong commitment to the reform. The Agrarian Institute of Chimoio was not on the original list of schools to pilot new competency based training (CBT) however, they have shown the required level of readiness to introduce the new curriculum in 2009. This institution will also benefit from the Bank-supported Sustainable Irrigation Development Project (Cr. 49160) so the institution will be able to capitalize on the synergies between the two projects and provide training of skilled labor in agriculture and irrigation. (See Annex 3 for list of project supported schools and related investments.)

36. The project will finance the development of two new standards based qualifications: (i) ICT and (ii) mining. The ICT course does not require the preparation of the qualifications because the government will adopt the qualifications from Singapore⁹ however, it will need to be adapted to the realities of Mozambique. The project will fund the development of the new

⁸ IIC Armando E. Guebuza does not require rehabilitation.

⁹ In the past, the Bank promoted several study visits to several countries including Singapore as a way to share and promote South-South cooperation. The Ministry of Education of Mozambique has since initiated collaboration with some of these countries and in ICT the Singapore is already working with the Ministry of Education on developing the new ICT curriculum.

mining course qualifications using the established framework which will shorten the preparation time and make it feasible to implement prior to project completion. The project will also continue its support of the implementation of the standards based qualifications in the selected areas of: (i) industrial maintenance; (ii) agriculture; (iii) tourism and hospitality; and (iv) administration and management. This will require updating materials and training based on collaboration with the private sector and selected line ministries. The project will also continue to finance studies and evaluations as required and will conduct graduate tracer studies to inform the level of satisfaction of employers and the level of relevance of the training provided.

37. The COREP-ES will continue to receive support for operating costs including consultant costs and will reinforce the capacity of COREP-ES with more private sector involvement.

38. The FUNDEC will continue to operate by offering three additional rounds of competitive grants with a continued focus on youth and gender equity. With the three year extension of the project, the government will explore ways to increase the likelihood of sustainability of this very successful activity. They may consider introducing a cost recovery component to each project proposal.

39. The additional financing will augment the original funds and will be made available to counterparts under the disbursement procedures as described in the “Amending and Restating Financing Agreement”. Table 1 specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Table 1: Eligible Expenditures

Category	Amount of the Original Credit Allocated (expressed in SDR)	Amount of the Additional Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Works	8,300,000	5,818,000	100%
(2) Goods	3,200,000	6,641,000	100%
(3) Consultants services, including audits, and Training and Workshops	4,500,000	5,376,000	100%
(4) Goods, Works and/or Services under FUNDEC IDA Grants	1,400,000	3,162,000	100% of the amounts disbursed for goods, works and services financed by FUNDEC IDA Grants
(5) Operating Costs	1,400,000	1,138,000	100%
(6) Unallocated	2,000,000	1,265,000	
TOTAL AMOUNT	20,800,000	23,400,000	

Table 1: Costs by Component*

Component	Original cost IDA	Original cost TF	Changes with AF	Revised Cost
A – Development of an Institutional Framework	0.2	1.8	1.0	3.0
B - Standards-based Qualification and Training system	1.1	0.9	5.0	7.0
C – Quality Improvement in Training Institutions	19.1		19.0	38.1
D – Skills Development Fund (FUNDEC)	2.6	3.8	5.0	11.4
Executive Secretariat	4.0		3.0	7.0
Unallocated	3.0		2.0	5.0
Total	30.0	6.5	37.0	73.5

*Table 1: Costs by Component provides a summary of the proposed allocation of funds per component of PIREP. It should be noted that the funds cover a 3-year and not a 5-year period as in the original project. The funds available to the successful FUNDEC remain therefore basically the same; the allocation to component C will be strengthened with government funds.

IV. APPRAISAL SUMMARY

Economic Analysis

40. Human development significantly contributes to economic growth; better education, a healthy population, and improved social protection are imperative to improve labor force productivity and economic performance. Improvement in schooling, life expectancy, nutrition, and skills has resulted in gains in GDP growth and poverty reduction, e.g., increasing the labor force’s average education by one year raises GDP by 4 to 9 percent; while an HIV/AIDS epidemic reduces GDP by up to 1.0 percent per year. Mozambique’s economy has grown steadily at about 6.5 percent annually and key social indicators show a positive trend. For Mozambique to sustain these levels of economic growth, keep the country attractive for investors, and reduce poverty, some economic diversification and technological changes need to occur. To support these changes Mozambique will need workers with the appropriate skills profile and a well managed TVET system that uses innovative management models with closer ties to the private sector.

41. Based on the studies that underpinned the original project, the private returns to technical and vocational education are high. Current research continues to support this theory. Evidence shows that, on average, qualified skilled workers with more than ten years of schooling are more likely to be employed by the formal sector, and command higher returns when compared to unskilled workers with less than ten years of schooling. Recent studies have also shown that the educational level is correlated with the type of job contract. In this regard, vocational training will improve the skills of workers and the probability of employment in the formal labor market and, in turn, lower the probability of being poor. Studies have shown that in

countries where markets have a scarcity of high level skills, as is the case with Mozambique, both the private and social rates of return (ROR) to education are high.

42. Mozambique's high ROR in post-basic education implies that there is a scarce supply of educated labor and that education is still a privilege in Mozambique for which the labor market is prepared to pay a premium, compared to the costs of the education. In Mozambique, a worker who graduates from a medium level technical educational system, on average, earns 32 percent more than a 12 grade graduate from the general educational system. An elementary and basic TVE graduate will have an income that is 54 percent higher than a primary graduate or one with a 10 grade education from the general educational system. Male workers have higher return differentials between the two systems. Industry and public services are the two sectors where TVE graduates receive more and where they have the highest difference with respect to the general education system. The general educational system is equivalent to the technical and vocational education training system and students are permitted to move across systems, although in reality this is limited given the inadequate supply of places.

43. Mozambique's geographical location within the Southern African Development Community (SADC) increases the need for a ten year cycle of basic education and a solid competency based TVET system so that Mozambique can be competitive in the SADC region. The PIREP demand driven approach to technical education, attempts to address Mozambique's competitiveness by ensuring that graduates have the required skills for the formal and informal sectors of the economy. This requires the continued involvement of the private sector in the design of curricula standards and qualifications. Successful TVET reforms in Africa (Senegal, Mali, Kenya, Nigeria), and in Asia (Singapore, Korea) have used the public, private partnership (PPP) model to jumpstart their technical and vocational education. They have experienced a tremendous turnaround in employment, entrepreneurship, industrialization, and the economy as a whole. The current project, through the pilot institutions, is promoting the establishment of private partnerships to ensure the relevance and the quality of the training and the sustainability of the reform at the institutional level. The processes require considerable investment and time to root the reforms. The costs associated with establishing the framework for reform and the costs of civil works, equipment and training of teachers are comparable to costs of reform in other countries in the region¹⁰ (i.e., Botswana, Zambia, and Mauritius). The additional credit will provide the necessary funding to complete the planned project activities and consolidate the ongoing activities thereby increasing the likelihood of improving the governance and management of TVET system.

44. **Technical aspects.** The combined investments under the program have been instrumental in establishing the key elements of the TVET system (governance structure, system of occupational standards, modularized curricula and external assessment and certification). The project has also started, in a targeted manner, the improvements in quality and relevance of the TVET course programs and has begun addressing the problems of access and equity. The additional financing will consolidate these achievements and continue with the implementation of the project activities, albeit at a reduced level. Detailed implementation arrangements and

¹⁰ Excluding civil works and equipment the costs of the process of reform of the TVET system in Zambia and Botswana are set at above US\$20 million.

timetables remain in place with adjustments to the scheduling of activities. Schedules for the continued procurement of goods and services and for monitoring and evaluation have been updated and are included in the Operations Manual developed by the Executive Secretariat.

45. **Social aspects.** As recommended during the project preparation, the project will continue to focus attention on including the private sector in all phases of the TVET reform process. This is currently being seen through the inclusion of the industry validation panels in the curriculum development process. The project has already created courses that are demand led such as hospitality and tourism and will continue this practice with the introduction of other such course (i.e., ICT). Continuing the FUNDEC will promote the acquisition of skills aimed at small business creation and management, particularly in the rural areas and for women. Through FUNDEC, communities through their associations have benefited from the acquisition of skills aimed at small business creation and management and provided for the inclusion of women to enroll in those short training courses. Also the curricular reform has taken into consideration the need for greater prevention of HIV/AIDS. The fact that the project funds TVE institutions that have diverse modality of training allows for greater flexibility on course provision and adaptation to the needs of the market and creates training opportunities for schooled and unschooled workers.

46. **Institutional aspects.** The institutional arrangements for the additional financing remain unchanged. The COREP will continue to translate the TVET policies into strategies, action plans and activities, set the rules and guidelines by which the system is regulated and to provide for periodical monitoring of the implementation process. The Executive Secretariat (ES) will continue to be responsible for the implementation of daily activities included in the annual work plan and budget and for coordinating activities across stakeholders and institutions. Under the original project, the COREP-ES has shown itself to be experienced and well versed with Bank procedures. The ES comprises a central department that is responsible for general coordination, procurement department responsible for purchasing goods, financial management department, infrastructure department responsible for rehabilitation and qualifications and training department that manage core regulatory functions of the system.

Sustainability

47. The government has demonstrated its commitment to the vocational education reform by continuing to increase its allocation to the TVET sub-sector. The government covers most of the recurrent costs of the system as well as the recurrent costs associated with new training programs under the COREP structure. A second phase of the reform is being developed and it is expected to include a new financing framework that will lead to additional government resources for the sub-sector.

48. Although the government has been increasing its allocation for TVET, it still depends on external funding for support and this funding is decreasing. To off-set the expected decreases, the government is looking for greater participation from the private sector in the governance, management and financing of the system. The COREP-ES commissioned a study on governance, financing and management that made recommendations on how to engage the

private sector including the mega-projects in the TVET¹¹ system. The COREP-ES has just submitted a package with the regulatory framework on these aspects which is expected to be submitted and appreciated by the Minister Council within the first semester of 2011. In addition, a recent series of workshops on growth poles also provided government with suggestions on how to engage the mega-projects in the country's economic development as well as the TVET system since the TVET system provides the relevant skilled labor.

49. The donors that contribute to the sub-sector continue to participate in joint supervision missions and are actively involved in the advisory board of the COREP-ES. This approach has led to harmonization of the donor partner processes and ensures greater effectiveness in the use of resources allocated to the TVET system.

50. The government also recognizes that a strong TVET governance structure is essential for sustaining the sub-sector. To this end, the government created two national directorates: one for qualifications management and a second for quality assurance and management. In 2010, the government designated a deputy minister position that deals specifically with technical and vocational education and they will continue to provide resources for the staffing of the two directorates.

51. **Fiduciary aspects.** Both the financial management and procurement arrangements will be executed using existing arrangements in place under the ongoing IDA project which have proven satisfactory. A team within the COREP-ES is already in place to handle both procurement and financial management and can effectively undertake the activities foreseen under the additional financing. Procurement for the proposed project will be carried out in accordance with the World Bank's guidelines for "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" published by the Bank in January 2011; "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" published by the Bank in January 2011, and "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 and the provisions stipulated in the Financing Agreement.

52. **Financial management arrangements.** The COREP-ES financial management department will handle the additional activities. The financial management arrangements for the additional financing will be based on the existing arrangements in place under the current project. The overall performance of the TVET project in financial management is **Satisfactory**. Staffing has remained adequate and proper books of accounts and supporting documents have been kept in respect of all expenditures. The latest audit report was submitted on time, and was unqualified. The interim un-audited financial reports for the original project are also submitted on time.

¹¹Mozambican TVET Reform - "Skills for Work" a framework to guide to Mega-Projects investment in TVET, COREP, 2008.

53. **Procurement:** A procurement supervision of the TVET project was carried out from October 8-16, 2010 during a Bank supervision mission. The procurement unit was comprised of one procurement specialist and one procurement assistant, both with long experience in World Bank procurement procedures. The current procurement capacity of the TVET project is considered acceptable for the Bank taking into account the complexity of the project. The project should maintain the same level of procurement capacity during the implementation of all activities to be supported by the additional financing.

54. **Environmental aspects.** The project has been classified as an EA category B and it triggers OP/BP 4.01 and OP/BP 4.12 for environmental assessment due to envisaged potential negative impacts related to rehabilitation activities. Such negative impacts would include solid waste management, vegetation clearing, soil and water pollution, air pollution from increased dust, and potential injuries to construction workers. The Environment and Social Management Framework (ESMF) that was prepared for the original project provides a unified approach for addressing all identified potential negative impacts. Since the current ESMF and Resettlement Policy Framework (RPF) published in 2005 in the Bank InfoShop do not require modifications it will be used for the proposed additional financing project. Environmental and Social Management Plans will be prepared for the civil works. A RPF was prepared for the original project. However, the civil works will be for the rehabilitation of existing TVET institutions and is unlikely to require additional land acquisition or restrict resources and livelihoods. In addition, the TVET institutions are on land that is owned by the government, is free and clear of any occupation or claims, and there are no land acquisition/involuntary resettlement issues. However, the RPF is has been prepared should it be needed.

55. **Risks.** The overall risk rating for this operation is **Medium-I**. The rating is based on the fact that the original project had several design problems that caused project delays and jeopardized the prospects for reaching the project development objectives. The issues were identified and the risks have been mitigated with the reduction in the scope of the project and the restructuring of the project PDO and PDO indicators. Although there is limited evidence of project results at this time, it is expected that project will realize the development objectives with the revised PDO and PDO indicators and the reduction in the project scope. Below are some other risks that should be highlighted (a detailed list of the project risks can be found in Annex 2).

56. **Implementing Agency Risks.** There is low risk that the project implementation units will not be able to carry out project activities as designed. This is due to the fact that the same implementing units and staff will be responsible for implementing the project activities. There is also a risk that government will not be able to provide adequate resources to the sub-sector to cover the recurrent costs associated with the TVET reform agenda. This risk is low given government's overall commitment to the reform and the creation of a government budget line to cover these costs. There is a **Medium-I** risk of insufficient capacity within the training institution to train technical teachers and school managers in the pilot courses based on the new occupational standards. This risk is being minimized with increased monitoring by COREP-ES, support and follow up by the school directors and new linkages with local enterprises that participate in the quality assurance system.

57. **Stakeholder risks.** There is a **Medium-I** risk that government will be unable to mobilize all the relevant stakeholders to participate in the ongoing effort to develop a demand driven TVET system. This is particularly true when it comes to ensuring private sector involvement in the development of occupational standards and validation of the new curricula. The risks are being mitigated through continuing efforts by COREP-ES to create a participatory mechanism that involves key industries and others in the private sector in the TVET reform activities. This includes ensuring that there are industry representatives on curricula committees to guarantee that occupational standards are up-to-date and validated by industry associations. The government has also involved the relevant development partners and line ministries that provide professional training in the implementation of the project and the effort to develop the demand driven system. The involvement of all parties will be critical for ensuring the success of the first phase of the new TVET paradigm.

Credit Covenants

58. **Covenants applicable to project implementation. Withdrawal Conditions; Withdrawal Period:** No withdrawal shall be made from the Additional Financing in respect of an item or an activity under any part of the Project described in Schedule 1 of the Financing Agreement, if such item or activity has been, or will be, presented for disbursement under the Dutch Co-financing.

59. **Project Implementation Readiness.**

- a) **Fiduciary and Procurement Arrangements:** The fiduciary system in place is functional and judged satisfactory for the additional financing. A procurement plan for 18 months of activities dated April 4 was submitted to the Association and found to be satisfactory;
- b) **Results Framework Assessment:** The results framework has been discussed and agreed upon with the government;
- c) **Staffing:** Staff with adequate qualifications and skills is in place to fulfill their responsibilities for the additional financing.

Annex 1: Results Framework and Monitoring
MOZAMBIQUE Technical and Vocational Education Project
Results Framework

Revisions to the Results Framework		Comments/ Rationale for Change
PDO		
<i>Current (PAD)</i>	<i>Proposed</i>	
To facilitate the transition of the existing TVET system to a demand-led training system and provide the beneficiaries with more market relevant skills and improved economic opportunities.	<i>To improve the quality and relevance of technical and vocational training in Mozambique, with a focus on selected key TVET institutions and programs.</i>	PDO has been clarified and simplified to better reflect the original intention of the project.
PDO indicators		
% of employers surveyed who indicate that their employees, who are recent graduates of targeted institutions, have market relevant skills.	Replaced by: 1. Employer's/Private sector representatives reporting satisfaction with quality of new competency based training programs (%); 2. Competency standard endorsed by STACs and qualifications approved by COREP;	The proposed indicator is more objective since it clearly indicates that satisfaction is with the quality of the new CBT
Labor market earnings of graduates of targeted programs.	Dropped	Although tracer studies are being done and information on earnings will be collected, these impact indicators will no longer be tracked as part of the results framework.
Average time (in days) to find a job or become self-employed after graduating from a targeted program compared to graduates from non pilot institutions not targeted for PIREP assistance.	Replaced by: 3. Learners assessed through the new Competency Based Training regime (number);	As explained in early stages of project implementation the control groups were not established.

Revisions to the Results Framework		Comments/ Rationale for Change
% of graduates of targeted programs who find jobs or create jobs that are directly linked to their field of study.	Revised: 4. Graduates of targeted programs that find a job or creates a job that is directly related to the field of study within 6 months from graduation (%).	It objectively sets the period of observation
	Added: 5. Direct Project Beneficiaries (number), of which female (%) - Beneficiaries of Skills Development Fund - School Managers trained - Teachers trained - Students enrolled in targeted TVET programs	Mandatory Bank core indicator
Intermediate Results indicators		
<i>Current (PAD)</i>	<i>Proposed change*</i>	
Component 1: Intermediate Outcome Indicators		
A1. COREP-ES and COREP Board fully functional	Continue 1. COREP-ES and COREP Board fully functional	
A2. Law on establishment of the Autoridade Nacional de Educação Profissional (ANEP) submitted to National Assembly by end of Y4	Dropped	The revised PDO is not dependent on the approval of the law. Also the government after conducting extensive consultations is analyzing alternative models for the governance, management and financing of the TVET system including but not limited to the National Training Authority.
A3. Agreement reached with stakeholders on framework for future financing of PIREP by Y3	2. Continue	
A4. Decentralized management system of TVET training providers under implementation by Y4	Revised 3. Pilot training institutions with school strategic plans in place (%); 4. Training institutions which retain part of their generating income for school improvements (%)	The previous indicator was not clear
A5. Monitoring and evaluation mechanisms for PIREP (including arrangements for tracer survey) in place and functioning	Revised: 5. Training institutions that participate regularly in tracer studies (number) 6. Training institutions submitting enrolment and pass rates	The proposed indicators clearly indicates what kind of reporting is needed

Revisions to the Results Framework		Comments/ Rationale for Change
	electronically through TVET MIS (number) 7. Reports from labor market information system produced annually per sector (number)	
Component 2: Intermediate Outcomes indicators		
B1. # & % of targeted occupation levels with comprehensive occupational standards and qualifications	Revised 1. Targeted occupation levels with comprehensive occupational standards and qualifications fully validated (number)	Target revised from 20 to 28
B2. # of programs developed based on competency standards	Continued 2. Programs developed based on competency standards (number)	Target revised from 20 to 28
B3. # and % learners who are assessed through the new CBT regime vs. those assessed under the old system (by gender)	Moved to PDO level as Learners assessed through the new Competency Based Training regime (number);	
Component 3: Intermediate Outcomes indicators		
Students provided with internships (Number, %)	1. continued	
C1. Retention rate of students enrolled in targeted courses by gender	Dropped	The pass rate and dropout rate
C2. Pass rate of students enrolled in targeted courses by gender (%)	2. continue	
C3. # & % targeted teachers that received training under the new CBT system by gender	Revised 3. Teachers in target sectors who received training under the new CBT system (number, of which female)	The proposed indicator objectively focus the training for teachers in target sectors
C4. % of training courses aligned to the CBT system	Dropped	Due to high costs Training in CBT will be just developed in key priority areas during the project life
C5. % of TVET institutions aligned to the CBT system	4. Revised Number of TVET institutions aligned to the CBT system	
C6. # of school principals who have received training on quality school management	5. Revised Number of school managers (directors and deputies) who have received training on quality school management	
	6. Competency based training programs designed with private sector participation in qualification exams (%)	Indicates the private sector involvement
	New 7. Classrooms and educational facilities rehabilitated and	Indicates readiness for CBT implementation in the schools

Revisions to the Results Framework		Comments/ Rationale for Change
	equipped (number) (i.e. classrooms, labs, workshops)	
Component 4: Intermediate Outcomes indicators		
	1. Matching grant projects successfully completed (number)	The indicator is a proxy of the impact of FUNDEC
	2. Institutions benefiting from grants scheme (number)	
D1. # of partnerships formed between training providers or promoters and private sector institutions	Continued 3. Partnerships formed between training providers or promoters and private sector institutions (number)	
D2. % of participating institutions that have improved their organizational capacity to deliver market responsive training programs	Dropped	

* Indicate if the indicator is Dropped, Continued, New, Revised, or if there is a change in the end of project target value

REVISED PROJECT RESULTS FRAMEWORK

Project Development Objective (PDO): *To improve the quality and relevance of technical and vocational training in Mozambique, with a focus on selected key TVET institutions and programs.*

PDO Level Results Indicators	Core	UOM ¹²	Baseline Original Project Start (2007)	Progress To Date (2010) ¹³	Cumulative Target Values ¹⁴				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments
					2011	2012	2013	2014				
1. Employer's/Private sector representatives reporting satisfaction with quality of new competency based training programs (%)	<input type="checkbox"/>	%	-	-	-	-	50 ⁱ	60	Annually	Survey	DINET, COREP	
2. Competency standard endorsed by STACs and qualifications approved by COREP		Number	0	20	22	24	26	28	Annually	Reports	DINET, COREP	
3. Learners assessed through the new Competency Based Training regime (number);		Number	0	500	800	1000	1100	1300	Annually	LMIS	DINET, COREP	
4. Graduates of targeted programs that find a job or creates a job that is directly related to the field of study within 6 months from graduation (%)	<input type="checkbox"/>	%	27.2	NA	-	50	55	60	Annually	LMIS/ LOMS	DINET, COREP	
5. Direct Project Beneficiaries				30,000	30,000	37,500	45,000	52,500				
of which female (%)				40	40	42	43	45				
- Beneficiaries of Skills Development Fund	<input checked="" type="checkbox"/>	Number %	0	100	126;	135	140	150	Annually	MIS, Surveys, reports	FUNDEC, DINET	
- School Managers trained			0	300	360;13	420; 13	480;13	560;13				
- Teachers trained of which Female			0	13	800	1000	1200	1400				
				13	23	24	25	25				

¹² UOM = Unit of Measurement.

¹³ For new indicators introduced as part of the additional financing, the progress to date column is used to reflect the baseline value.

¹⁴ Target values should be entered for the years data will be available, not necessarily annually. Target values should normally be cumulative. If targets refer to annual values, please indicate this in the indicator name and in the "Comments" column.

- Students enrolled in TVET targeted programs of which Female				501 20%	800 21%	1000 23%	1100 25%	1300 27%				
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Intermediate Results and Indicators

Intermediate Results Indicators	Core	Unit of Measurement	Baseline Original Project Start (2007)	Progress To Date (2010)	Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments
					2011	2012	2013	2014				

Intermediate Result 1: Institutional framework for demand-led TVET system established

1. COREP-ES and COREP Board fully functional	<input type="checkbox"/>	Yes/no	No	Yes	Yes	Yes	Yes	Yes	Quarterly	Board minutes	COREP, CIREP	The COREP board is fully staffed and meets regularly to set guidelines by which the system is regulated and provides for periodical monitoring of the implementation process and oversees the implementation of project activities by the Executive Secretariat which is responsible for the implementation of the daily activities included in the Annual Work Plan and Budget for PIREP and for coordinating activities across stakeholders and institutions
2. Agreement reached with stakeholders on framework for future financing of PIREP by Y3	<input type="checkbox"/>								June 2012	Board minutes	COREP, CIREP	
3. Pilot training institutions with school strategic plans in place (%)	<input type="checkbox"/>	%	0	45	60	80	100	100	Annually		COREP	

Intermediate Results and Indicators

Intermediate Results Indicators	Core	Unit of Measurement	Baseline Original Project Start (2007)	Progress To Date (2010)	Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments
					2011	2012	2013	2014				
4. Training institutions which retain part of their generating income for school improvements (%)	<input type="checkbox"/>	%	0	0	5	9	11	11	Annually	MIS	DINET, COREP	
5. Training institutions that participate regularly in tracer studies (number)	<input type="checkbox"/>	#	50%	50%	None	All Pilot and 50 % of Non- ¹⁵ pilot		All Pilot and 50 % of Non-Pilot	Every other year	MIS; LMIS/LOMS	MINED MITRAB	
6. Training institutions submitting enrolment and pass rates electronically through TVET MIS (number)	<input type="checkbox"/>	#	0	0	5	6	8	10	Annually	MIS	DINET, COREP	
7. Reports from labor market information system produced annually per sector (number)	<input type="checkbox"/>	#	0	0	0	1	2	3	Annually	LMIS/LOMS	MITRAB	
Intermediate Result 2: Qualification assessment and training system based on occupational standards established for target sectors												
1. Targeted occupation levels with comprehensive occupational standards and qualifications fully accredited (number)	<input type="checkbox"/>	#	0	20	22	24	26	28	Annual	MIS report	COREP	
2. Programs developed based on competency standards (number)	<input type="checkbox"/>	#	0	20	22	24	26	28	Annual	MIS report	COREP	
Intermediate Result 3: Quality improvement of training institutions in target sectors												

¹⁵ TVET institutions providing training at level 3, 4 and 5 – medium.

Intermediate Results and Indicators

Intermediate Results Indicators	Core	Unit of Measurement	Baseline Original Project Start (2007)	Progress To Date (2010)	Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments
					2011	2012	2013	2014				
1. Students provided with internships (Number, %)	<input type="checkbox"/>	#:%	N/A	10%	20%	25%	30%	30%	Annually	MIS	DINET, COREP	
2. Pass rate of students enrolled in targeted courses by gender (%)				0 ¹⁶	55	60	60	65	Annually	MIS	DINET, COREP	
3. Teachers in target sectors who received training under the new CBT system (number, of which female)	<input type="checkbox"/>	# %	0	360 13.3	391 13	400 15	420 15	450 1	Annually	MIS	DINET, ISDB	
4. Number of TVET ¹⁷ institutions aligned to the CBT system		#	0	5	8	11	15	16	Annually	MIS	DINET, COREP	
5. Number of school managers (directors and deputies) who have received training on quality school management		#	0	27	38	50	60	60	Annually	MIS – SE-COREP reports	DINET, COREP	
6. Competency based training programs designed with private sector participation in qualification exams (%)	<input type="checkbox"/>	#		20	22	24	26	28	Annually	Minutes of Committee Meetings	DINET, COREP	
7. Classrooms educational facilities rehabilitated and equipped (number) (i.e. classrooms, labs, workshops)	<input type="checkbox"/>	#	0	6	6	8	10	10	Annually	MIS	SE-COREP	

Intermediate Result 4: Increased access to skills development opportunities in non target sectors

¹⁶ To date there are no graduates. The first cohort to graduate will be December 2011.

¹⁷ None of the institutions are going to align all its programs according to the standard-based education because this pilot phase of reform covers only a small set of occupations. This means that at the same time there will be programs for other occupations which are not standard-based.

Intermediate Results and Indicators

Intermediate Results Indicators	Core	Unit of Measurement	Baseline Original Project Start (2007)	Progress To Date (2010)	Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments
					2011	2012	2013	2014				
1. Matching grant projects successfully completed (number)	<input type="checkbox"/>	#	NAv	70	90	110	130	150	Annually	FUNDEC Reports	SE- COREP /FUNDEC	
2. Institutions benefiting from grants scheme (number)	<input type="checkbox"/>	#	NAv	40	60	80	100	120	Annually	FUNDEC Reports	SE- COREP / FUNDEC	
3. Partnerships formed between training providers or promoters and private sector institutions (number)	<input type="checkbox"/>	#	NAv	14	16	18	22	25	Annually	FUNDEC Reports	SE- COREP / FUNDEC	

Annex 2: Operational Risk Assessment Framework (ORAF)
REPUBLIC OF MOZAMBIQUE
MOZAMBIQUE TECHNICAL AND VOCATIONAL EDUCATION PROJECT

Operational Risk Assessment Framework (ORAF)

Project Development Objective(s): to improve the quality and relevance of technical and vocational training in Mozambique, with a focus on selected key TVET institutions and programs.						
PDO Level Results Indicators:	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">1. Employers/private sector representatives reporting satisfaction with quality of new competency based training programs (%)</td> </tr> <tr> <td style="padding: 2px;">2. Graduates of targeted programs that find a job or creates a job that is directly related to the field of study within 6 months from graduation (%).</td> </tr> <tr> <td style="padding: 2px;">3. Learners assessed through the new Competency Based Training regime (number)</td> </tr> <tr> <td style="padding: 2px;">4. Graduates of targeted programs that find a job or creates a job that is directly related to the field of study within 6 months from graduation (%)</td> </tr> <tr> <td style="padding: 2px;">5. Direct Project Beneficiaries (number), of which female (%) - Beneficiaries of Skills Development Fund - School Managers trained - Teachers trained - Students enrolled in targeted TVET programs %</td> </tr> </table>	1. Employers/private sector representatives reporting satisfaction with quality of new competency based training programs (%)	2. Graduates of targeted programs that find a job or creates a job that is directly related to the field of study within 6 months from graduation (%).	3. Learners assessed through the new Competency Based Training regime (number)	4. Graduates of targeted programs that find a job or creates a job that is directly related to the field of study within 6 months from graduation (%)	5. Direct Project Beneficiaries (number), of which female (%) - Beneficiaries of Skills Development Fund - School Managers trained - Teachers trained - Students enrolled in targeted TVET programs %
1. Employers/private sector representatives reporting satisfaction with quality of new competency based training programs (%)						
2. Graduates of targeted programs that find a job or creates a job that is directly related to the field of study within 6 months from graduation (%).						
3. Learners assessed through the new Competency Based Training regime (number)						
4. Graduates of targeted programs that find a job or creates a job that is directly related to the field of study within 6 months from graduation (%)						
5. Direct Project Beneficiaries (number), of which female (%) - Beneficiaries of Skills Development Fund - School Managers trained - Teachers trained - Students enrolled in targeted TVET programs %						

Risk Category	Risk Rating	Risk Description	Proposed Mitigation Measures
Project Stakeholder Risks	Medium-I	Lack of resources to continue the implementation of key activities may frustrate teachers and key administration officers, which may affect the timely completion of planned activities.	<p>Partnership arrangements are ongoing between COREP and industry representatives in the pilot target sectors to ensure full participation.</p> <p>In addition it is expected that ongoing mobilization and marketing campaigns promoted by COREP-ES will help mobilize and retain private sector participation in the administration of the pilot schools or at the start in the process of evaluation of the students.</p>

			<p>The Bank’s task team will work closely with the government to ensure that the project objectives are achieved and that the government continues (i) to gradually cover selected programs by the state budget to reduce external dependency and (ii) to involve the provincial and district managers in the decision making process. With the proposed request for this additional project, the government will be able to continue the support to the education sector. MoE and MINTRAB have been gradually incorporating in their budget activities required to implement the reform. The Bank team will continue to work with both to ensure that annual plans and budget are consistent with the PDO.</p>
Implementing Agency Risks	Medium-I	<p>The government fails to raise additional funds to support the reform;</p> <p>Procurement: Staff turnover may impair the timely procurement of activities</p> <p>Financial Management: There is turnover of the key project FM staff in the Bank-financed operations in Mozambique. The risk is that the project may not be able to maintain the key project FM staff, which can affect negatively the implementation of the proposed additional financing.</p>	<p>Budget lines to cover the additional operational costs to support the reform have been incorporated in the budget for the MEC and MINTRAB.</p> <p>The procurement unit is comprised of one procurement specialist and one procurement assistant, both with a long experience with World Bank procurement procedures. Bank team will provide required training if needed to help maintain the procurement capacity at the same level of performance</p> <p>Regular supervision of the project will ensure that adequate project financial management arrangements are maintained. Continuing dialogue with the project management will ensure that appropriate actions are taken to address any staff change.</p>
Project Risks			

Design	Medium-I	Serious design issues – have been addressed but resulted in the delay of the project implementation which delays the production of project results at the institutions.	Pilot schools are being equipped and teachers have been trained in the new CBT and minimum conditions for the implementation of the pilots are being created by COREP-ES, MoE and MINTRAB.
Social and Environmental	Low	There are no significant adverse social or environmental impacts expected as a result of the proposed project. All known impacts will be managed in ESMF and RPF.	The existing ESMF and RPF addresses any potential environmental and social impacts and/or land acquisition/involuntary resettlement issues that may arise
Program and Donor	Low	Inadequate donor coordination leads to overlap of programs and inefficient use of resources and higher transaction costs by all stakeholders.	The existing TVET and planning and financing management working groups meet regularly and help anticipate any financing gaps and coordination issues.
Delivery Quality	Medium-I	<p>The delays experienced in implementation may have reduced the motivation of key stakeholders at TVET institutions</p> <p>The sustainability of the reform is dependent on the participation of the industry but also by the motivation of the key stakeholders involved in the planning and implementation of this reform</p> <p>Turnover of staff or insufficient commitment of resources from government to sustain the initiated reform may risk loose the achievements made so far.</p>	The government is developing a comprehensive strategy to ensure the sustainability of REP beyond the pilot phase which among others include incentive schemes to attract and retain qualified managers at all levels, and teachers in pilot schools; financing schemes that foresee contributions from various types of stakeholders and beneficiaries of REP; income generated and retained in the pilot schools, for which proper decentralization and accountability should be established.

Overall Risk Rating at Preparation	Overall Risk Rating During Implementation	Comments
Low	Medium-I	The overall implementation rating is based on the fact that the original project had several design problems that caused project delays and jeopardized the prospects for reaching the project development objectives. The issues were identified and the risks have been mitigated with the reduction in the scope of the project and the restructuring of the project PDO and PDO indicators..

Annex 3: List of Training Institutions Financed by the Project Funds¹⁸

	Institution and Location	Initial PIREP Costs Estimates¹⁹	Contract Amount	Additional Funds Estimates
1	Instituto Industrial e Comercial de Pemba	1,050,000	1,828,622	0
2	Instituto Industrial e Comercial 3 de Fevereiro, Nampula	4,400,000	5,554,292	550,000
3	Centro de Formação Profissional – Nampula	1,225,000	2,140,958	0
4	Instituto Agrária de Mocuba	2,385,000	3,726,626	750,000
5	Centro de Formação Profissional – Beira	1,175,000	1,717,413	0
6	Instituto Comercial de Maputo	700,000	1,166,161	300,000
7	Instituto Industrial de Maputo	3,275,000	2,440,000	8,500,000
8	Centro de Formação Profissional de Electrotecnia – INEFP	400,000	0	3,100,000
9 ²⁰ (New)	IIC Armando E. Guebuza	0	0	3,500,000
10	Instituto Agrário de Chimoio	525,000	850,000	750,000
Dropped ²¹	Rehabilitation of IIC Beira	950,000	0	0
Dropped	Rehabilitation of IIC Inhambane	1,825,000	0	0
Dropped	Rehabilitation of IA Lichinga	1,240,000	0	0
	Total	19,150,000	19,424,072	17,450,000

¹⁸ All institutions will benefit from technical assistance financed from Germany, Spain or Italy. Project funds will also cover learning materials and training of teachers and school managers.

¹⁹ Original estimated costs include rehabilitation and equipment cost for each pilot school.

²⁰ IIC Armando E. Guebuza is a new school that will support the implementation of the new ICT qualifications. This pilot school will not receive any support for rehabilitation.

²¹ Dropped Schools: current estimated costs for IIC Beira, IA Lichinga, and IIC Inhambane are now respectively: US\$ 12 million; 3.7 million and 4.5 million. These schools are being dropped from the project as a part of the project restructuring.