Analysis of the Social and Economic Sectors in the State Budget Proposal for Fiscal Year 2018
1. The envelope of resources for the State Budget, as well as Education and Health Sectors is set to increase in 2018. In nominal terms, the 2018 proposed allocation to Priority Sectors is the highest on record (worth MT 147.3 b); however, the purchasing power of this envelope is far from historical highs, once factoring in inflation and the depreciated Metical.

2. The share of the budget allocated to priority sectors in 2018 is lower than in 2017, despite the fact that the share of debt servicing and financial operations did not change in the same period. As financial operations and debt servicing have soared as a share of total spending since 2016, proportional priority sector spending as a share of the entire budget has dropped. The government has a goal of allocating at least 60 percent of resources to these sectors, but if we take into consider the entire budget, in 2018 it is projected at below 50%.

3. The Education Sector will need to prioritize addressing the student-teacher ratio and providing school desks to ensure it catches up on specific priority indicator targets (defined by the 2018 PES Proposal) it is lagging well behind on. Decreasing the ratio, however, will be difficult as the government is set to significantly decrease teacher hires in 2018. The Health Sector will need to prioritize the construction of district hospitals and the provision of ARV Treatment to children and adults. The former will be difficult with the proposed lower health investment budget. Finally, the Water and Sanitation Sector will need to prioritize connecting urban houses to the water supply and the provision of improved latrines in urban and rural areas if it is to catch up with PQG annual targets.

4. The share of resources dedicated to investment in the State Budget has been declining. In 2008, investment held a 41 percent share, yet will hold just a 27 percent share in the proposed 2018 budget. The decline in the external component of investment is to blame. In 2018, external investment is worth just 16 percent (compared to 24 percent in 2008).

5. In 2018, Mozambique is expecting to run a budget deficit (after donor grants) of 12.7 percent. This is equal to 4 percent of GDP. To finance the deficit, the government plans on a mixture of internal and external borrowing.

6. Assuming the current strength of the Metical, government debt in 2018 will likely continue to hover around 100 percent of GDP (although growing GDP could pull the ratio downward). In 2008, when Mozambique’s government debt was worth just 36 percent of GDP, it paid a nominal MT 1.3 b per year in debt servicing, equal to just 1.8 percent of total government expenditure. In 2018, it will pay a nominal MT 33.2 b, equal to 11 percent of total government expenditure. This added debt burden will crowd out additional spending in the social sectors.

7. Anticipated debt payments in 2018 are worth more than the agriculture, WASH, judicial, transport, communications, social action, and job creation priority sectors combined. If Mozambique had maintained the debt-to-GDP ratio of 2014, it would be able to double the amount it plans to spend in the Health Sector with the anticipated funds needed for debt servicing.

8. Revenues are forecasted to grow 20 percent relative to 2017 revenue projections and 35 percent relative to revenue actually collected in 2016. Without proper detail given and considering that revenue targets were missed in 2015 and 2016, the 2018 forecast seems highly ambitious. Not meeting the revenue target will make it difficult to implement the proposed budget.

9. Domestic resources for the State Budget have been helping to fill the gap left by diminishing donor resources. However, domestic revenue generation has been insufficient, according to the government, to meet desired spending levels; for this reason, internal and external borrowing is increasing. In 2018, foreign credits are to exceed foreign grants and internal borrowing is scheduled to double the amount borrowed in 2016.
II. PRIORITY ECONOMIC and SOCIAL SECTORS

In nominal terms, the 2018 proposed allocation to Priority Sectors is the highest on record (MT 147.3 b); in real terms, it is less than the 2017 budget and 2013 and 2014 expenditure levels. High inflation and Metical depreciation have eroded the purchasing power of funds spent on Priority Economic and Social Sectors ...

Figure #1: Budgeting and Expenditure on Priority Economic and Social Sectors

- In nominal terms, including debt servicing and financial operations, Priority Sectors are worth MT 147.3 b. If approved by Parliament, this would be the largest nominal allocation to the priority sectors.

- With inflation at 19.9% in 2016, 15.5% in 2017, and an expected 11.9% in 2018, coupled with the weakening of the Metical from MT 31 = US$1 in 2014 to an average of MT 65 in 2017, the higher nominal budgets are not able to purchase the same goods and services as before (the same amount of MT can buy much less).
II. PRIORITY ECONOMIC and SOCIAL SECTORS

... The share of the budget allocated to priority sectors decreased compared to 2017, despite the fact that debt servicing and financial operations (DS&FO) did not changed significantly. As DS&FO have soared as a share of total spending since 2016, proportional priority sector spending as a share of the entire budget has dropped. The government has a goal of allocating at least 60 percent of resources to these sectors, but if we take into consider the entire budget (which includes DS&FO), in 2018 it is projected at below 50% ...

Figure #2: Weight of Priority Economic and Social Sectors as a Share of Total Government Expenditure

➢ The government calculates priority sector percentage shares out of the State Budget minus financial operations and debt servicing. An alternative methodology is to calculate the shares out of the entire value of the State Budget. Both methodologies are shown above. The increasingly large differences between the two calculations over time is due to the exponential growth in debt servicing and financial operations.

➢ Proportional spending on priority sectors as a share of the entire State Budget increased from 2010 through 2013; however, since 2014, proportional spending has decreased significantly. In 2016, proportional priority sector spending dipped below 50 percent for the first time. According to the 2018 Budget Proposal, proportional priority sector spending will again fall below 50 percent of the entire budget.
II. PRIORITY ECONOMIC and SOCIAL SECTORS

... The decrease, in proportional terms, of the proposed 2018 priority sector budget is mainly related to decreases in the Agriculture & Rural Development, Transport & Communications, and Water & Public Works ...

Table #13: Priority Economic and Social Sector Budgeting and Expenditure

<table>
<thead>
<tr>
<th>Millions of Meticals (MT, 10^6)</th>
<th>2016 Expenditure</th>
<th>2017 Budget</th>
<th>2018 Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>46,900.6</td>
<td>48,287.7</td>
<td>52,380.5</td>
</tr>
<tr>
<td>Health</td>
<td>20,413.3</td>
<td>21,143.8</td>
<td>26,606.2</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>20,047.7</td>
<td>37,113.8</td>
<td>40,905.8</td>
</tr>
<tr>
<td>Roads</td>
<td>10,777.3</td>
<td>17,901.1</td>
<td>30,724.0</td>
</tr>
<tr>
<td>Water and Public Works</td>
<td>7,739.2</td>
<td>16,215.4</td>
<td>7,128.7</td>
</tr>
<tr>
<td>Mineral Resources and Energy</td>
<td>1,531.2</td>
<td>2,997.3</td>
<td>3,053.1</td>
</tr>
<tr>
<td>Agriculture and Rural Development</td>
<td>8,852.7</td>
<td>18,215.8</td>
<td>13,232.8</td>
</tr>
<tr>
<td>Judicial System</td>
<td>4,083.6</td>
<td>3,057.4</td>
<td>3,642.8</td>
</tr>
<tr>
<td>Transport and Communications</td>
<td>N/A</td>
<td>9,125.5</td>
<td>3,761.5</td>
</tr>
<tr>
<td>Social Action and Jobs</td>
<td>4,238.8</td>
<td>7,558.5</td>
<td>6,764.4</td>
</tr>
</tbody>
</table>

Source: CGE 2016 pg. 68; OE 2018 Proposta pg. 29

- In nominal terms, the Agriculture & Rural Development Sector is expected to decrease 27 percent compared to the 2017 Budget; the Water & Public Works Sector is expected to decrease 56 percent; and the Transport & Communications Sector is expected to decrease 59 percent.
- On the other hand, the Education Sector is expected to increase 8 percent and the Health Sector is expected to increase 26 percent in nominal terms.
II. PRIORITY ECONOMIC and SOCIAL SECTORS

According to the 2018 Budget Proposal, the weight of the Education and Water & Sanitation Sectors decreased and the weight of the Health Sector increased ...

Figure #3: Weight of Priority Economic and Social Sectors Disaggregated by Individual Sector

- Excluding financial operations and debt servicing, the Education Sector saw a slight decrease from a 23 percent share in the 2017 Budget to a 22.6 percent share in the 2018 Budget Proposal; the Health Sector grew from a 10.1 percent share to an 11.5 percent share; and the Water & Sanitation Sector shrunk from a 5 percent share to a 2 percent share.

- Within the expenditure on priority social and economic sectors, Education has historically received the largest share, with infrastructure and health representing the second and third, depending on the year. The importance of the Water and Sanitation share within these sectors is the lowest in nine years.

- As shares of the entire budget, the Education Sector decreased from a 17.7 percent share in 2017 to a 17.3 percent share in the 2018 Budget Proposal; the Health Sector grew from a 7.8 percent share to an 8.8 percent share; and the Water & Sanitation Sector decreased from a 3.9 percent share to a 1.5 percent share.
...The Education Sector was allocated MT 52.3 b in the 2018 Budget Proposal, representing the largest nominal allocation to the sector. In real terms, the 2018 proposed allocation is on par with the 2017 Budget and 2016 expenditure...

- The Education Sector was allocated MT 52.3 b in the 2018 Budget Proposal. This represents an 8 percent increase in nominal terms, but just a 1 percent increase in real terms relative to the 2017 Budget allocation. Relative to 2016 spending in the sector, the 2018 proposed allocation represents an 11 percent increase in nominal terms and is unchanged in real terms.

- Since 2008, expenditure has varied from the initial allocation by not more than an average MT 0.5 b or 3 percent of the sector’s total value. In other words, judging from the sector’s past performance (and unlike other social sectors), expenditure in the Education Sector will likely be very close to the 2018 proposal, assuming adoption by Parliament.
III. EDUCATION SECTOR

... Education represents 17.3 percent of the 2018 Budget Proposal. Excluding financial operations and debt servicing, education represents 22.6 percent. The share occupied by the Education Sector (17.3%) is on par with the average shares of low-income countries and sub-Saharan Africa countries. Education represents 5.9 percent of GDP. This is much higher than the average shares of the country’s income and regional peers ...

Figure #5: Weight of Education Sector as a share of Government Expenditure and GDP relative to Peers

The 2018 proposed allocation to Education represents 22.6 percent of the proposed budget, less financial operations and debt servicing. As a share of the entire proposed budget, the proposed allocation is worth 17.3 percent. The large difference is due to the large increase in debt service payments.

The 22.6 percent share (recognized by government) is slightly less than the 23 percent share represented by the sector’s 2017 initial allocation and significantly less than the 26.8 percent share registered by the sector’s 2016 expenditure. The 17.3 percent share (standard for benchmarking), including financial operations and debt servicing, is on par with shares offered by peer low income and sub-Saharan Africa countries.

The sector’s proposed allocation in 2018 represents 5.9 percent of forecasted GDP; this is 1.5 to 2.0 percentage points higher than that of its peers.
III. EDUCATION SECTOR

... Mirroring the trend displayed by the overall budget, the Education Sector has received an increasing share of domestically-sourced resources and a diminishing share of investment ...

Figure #6: Internal versus External Education Resources and Recurrent versus Capital Expenditure in the Education Sector

➢ The 2018 proposed allocation to the Education Sector relies on 86 percent internal resources and 14 percent external resources. This is nearly the same as the 85/15 ratio in the 2017 Budget and the 88/12 as documented 2016 expenditure.

➢ Investment spending in education’s 2018 proposal is worth 17 percent of the total sector budget. This is less than the 19 percent share in the 2017 Budget, but slightly more than the share recorded in 2016 expenditure. Nonetheless, this is much lower than a decade ago when investment in the sector used to represent 35-40 percent of total sector spending and is lower than the commonly cited 30/70 target recurrent-to-investment ratio.

➢ In the 2018 proposal, donors are responsible for 14 percent of the total budget (compared to a 30 percent a decade ago). Donors, however, represent 80 percent of investment resources in the sector.
### III. EDUCATION SECTOR

...According to Education Sector outcome indicators in the PQG Mid-Term Evaluation (see below), the government is furthest behind in meeting targets related to: placing children with learning disabilities in inclusive education settings, secondary school completion, student-teacher ratio, and share of primary school students that meet learning standards in reading and math ...

![Figure #7: PQG Outcome Indicator Performance for the Education Sector](image)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>1. Nº de crianças e jovens com deficiência com ensino inclusivo especial (*)</td>
<td>100,000</td>
<td>125,000</td>
<td>100,000</td>
<td>87,820</td>
<td>87,820</td>
<td>49</td>
<td>100,279</td>
<td>100,279</td>
<td>1%</td>
<td></td>
<td></td>
<td>MINEDH</td>
</tr>
<tr>
<td>2. Taxa de escolarização aos 6 anos na 1ª classe (*)</td>
<td>81.5%</td>
<td>86.0%</td>
<td>83.9%</td>
<td>88.4%</td>
<td>88.4%</td>
<td>10%</td>
<td>86.5% (85.5% meta)</td>
<td>86.5%</td>
<td>11%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Taxa de conclusão do EP2 (*)</td>
<td>44% (Real)</td>
<td>55% (Meta)</td>
<td>37%</td>
<td>37%</td>
<td>37%</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>4. Nº de alunos que frequentam o Ensino Técnico Profissional (*)</td>
<td>42,000</td>
<td>65,000</td>
<td>67,103</td>
<td>76,109</td>
<td>76,109</td>
<td>143%</td>
<td>84,037</td>
<td>84,037</td>
<td>100%</td>
<td></td>
<td></td>
<td>MCTESEPF</td>
</tr>
<tr>
<td>5. Nº de professores primários formados</td>
<td>32,500</td>
<td>35,000</td>
<td>12,171</td>
<td>12,596</td>
<td>24,767</td>
<td>71%</td>
<td>20,086</td>
<td>41,853</td>
<td>128%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Nº de carteiras escolares distribuídas</td>
<td>200,000</td>
<td>700,000</td>
<td>173,504</td>
<td>37,571</td>
<td>110,975</td>
<td>22%</td>
<td>60,325</td>
<td>211,390</td>
<td>30%</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>7. Nº de salas de aula construídas</td>
<td>3,500</td>
<td>4,500</td>
<td>557</td>
<td>435</td>
<td>992</td>
<td>22%</td>
<td>548</td>
<td>1,540</td>
<td>34%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Nº de professores contratados</td>
<td>46,849</td>
<td>42,500</td>
<td>8,332</td>
<td>8,229</td>
<td>17,151</td>
<td>40%</td>
<td>8,130</td>
<td>25,267</td>
<td>50%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Recursos superiores (*)</td>
<td>62</td>
<td>57</td>
<td>63</td>
<td>61,7</td>
<td>61,7</td>
<td>6%</td>
<td>60</td>
<td>60</td>
<td>40%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. % de alunos da 3ª série que atingem as competências básicas de leitura e cálculo do 1º ciclo do Ensino Fundamental (*)</td>
<td>6.30%</td>
<td>&gt; 12%</td>
<td>-</td>
<td>5%</td>
<td>5%</td>
<td>-23%</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>11. N.º de professores formados no ensino superior formados em formação pedagógica (*)</td>
<td>1,600 (1,200 Mestrado e 400 Doutorado)</td>
<td>3,200 (2,500 Mestrado e 800 Doutorado)</td>
<td>340</td>
<td>295</td>
<td>624</td>
<td>38%</td>
<td>42%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. N.º de diplomados do ensino superior com formação pedagógica (*)</td>
<td>3,284 (40%)</td>
<td>5,878 (70%)</td>
<td>80</td>
<td>1017</td>
<td>1097</td>
<td>42%</td>
<td>520</td>
<td>1617</td>
<td>63%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
III. EDUCATION SECTOR

... According to the 2018 Economic and Social Plan (PES) Proposal, work on certain indicators has been prioritized (see below). Of these, new teacher hires, the student-teacher ratio, and provision of school desks require the most attention. It is unlikely that Mozambique will make progress on these first two given that it is limiting new teacher hires in 2018: Only 1,848 primary school teachers planned to be hired, compared to 8,029 teacher hires last year.

Figure #8: PES Proposal Indicators and Targets for Education Sector in 2018

- In the 2018 PES Proposal, the Education Sector has prioritized reducing the student-teacher ratio, boosting primary school enrolment, procuring school desks and books for students, contracting literary instructors, and providing fellowships to researchers and teachers to pursue master’s and doctorate degrees.

- As per the PQG mid-term evaluation, the government is falling behind in meeting targets on the student-teacher ratio, among others. Yet, the sector proposes to hire just 1,848 primary school teachers, compared to 8,029 teacher hires last year. The sector cannot expect to reduce the primary school student-teacher ratio if it does not meet its targets on new teacher hires.
IV. HEALTH SECTOR

... Like education, the Health Sector was allocated its largest nominal allocation in the 2018 Budget Proposal, equal to MT 26.6 b. In real terms, the 2018 proposed allocation is likewise higher than 2016 expenditure and the 2017 Budget ...

- The Health Sector was allocated MT 26.6 b in the 2018 Budget Proposal. This represents a 26 percent nominal increase compared to the 2017 health budget and a 30 percent nominal increase compared to 2016 sector expenditure. In real terms, the 2018 proposed allocation is a 17 percent increase compared to the 2017 Budget and 10 percent increase compared to 2016 expenditure.

- Budgeting and expenditure in the Health Sector has been erratic over the past decade, such that the initial allocation to the sector is not a reliable indication of what the sector will spend. Additionally, the Health Sector relies annually on large off-budget financing, representing one-third to one-half of total resources dedicated to the sector. The off-budget resources are not documented in the 2018 Budget Proposal figure.
... Health represents 8.8 percent of the 2018 Budget Proposal. Excluding financial operations and debt servicing, health represents 11.5 percent. The share occupied by the Health Sector is on par with the average shares of low-income countries, but slightly lower than the average shares of sub-Saharan Africa countries. Health represents 2.9 percent of GDP. This is slightly higher than the average shares of the country’s income and regional peers ...

Figure #10: Weight of Health Sector as a share of Government Expenditure and GDP relative to Peers

- In the 2018 Budget Proposal, the Health Sector is worth 11.5 percent of the proposed budget less financial operations and debt servicing and 8.8 percent of the entire budget. The 11.5 percent share (recognized by government) is higher than the 10.1 percent share of the 2017 Budget, but slightly lower than the 11.7 percent share registered by 2016 sector spending.
- The 8.8 percent share (standard for benchmarking) is nearly on par with the average share of the Health Sector in low income countries, but is slightly lower than the average share of the Health Sector in sub-Saharan Africa countries.
- As a share of GDP, the proposed allocation to health in 2018 represents 3 percent, which is slightly above the average of low income and sub-Saharan Africa peer countries.
... In recent years, the government has financed the lion’s share of the Health Sector, yet donors are responsible for the majority of investment. According to the budget proposal, 2018 will be no different: government will fund 86 percent of the health budget (not include off-budget financing), yet donors will contribute 66 percent of investment resources ...

The 2018 proposed allocation to the Health Sector counts on 86 percent internal resources and 14 percent external resources. This ratio of internal to external financing does not consider off-budget resources which are, naturally, additional external contributions to the sector. One decade ago, the ratio stood at 48 internal to 52 external.

The 2018 Budget Proposal shows recurrent spending to occupy 80 percent of the budget and investment spending to occupy 20 percent. The proposed share occupied by recurrent spending in 2018 is significantly higher than the 68 percent share registered in 2016 on-budget expenditure. (The 2017 Budget did not include Prosaude commitments and thus shows low external and investment contributions). A decade ago, recurrent spending occupied a 44 percent share and investment spending a 56 percent share of on-budget expenditure.

In 2018, donors are estimated to contribute 66 percent of investment spending. In 2016, donors were responsible for 84 percent of investment spending, but a decade ago were responsible for 93 percent.
**IV. HEALTH SECTOR**

... According to Health Sector outcome indicators in the PQG Mid-Term Evaluation (see below), the government is furthest behind in meeting its target for the number of districts with a functioning district hospital...

Figure #12: PQG Outcome Indicator Performance for the Health Sector

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>13. Tasa de Cobertura de partos instauracionales (*)</td>
<td>71%</td>
<td>75%</td>
<td>75%</td>
<td>77%</td>
<td>77%</td>
<td>150%</td>
<td>78%</td>
<td>78%</td>
<td>78%</td>
<td>125%</td>
<td>MISAU</td>
<td></td>
</tr>
<tr>
<td>14. Tasa de cobertura de crianças completamente vacinadas (*)</td>
<td>82%</td>
<td>94%</td>
<td>83%</td>
<td>87%</td>
<td>87%</td>
<td>42%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>67%</td>
<td>MISAU</td>
<td></td>
</tr>
<tr>
<td>15. Tasa de cura de desnutricion aguda en crianças menores de 5 anos (*)</td>
<td>60%</td>
<td>80%</td>
<td>70%</td>
<td>72%</td>
<td>72%</td>
<td>60%</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
<td>MISAU</td>
<td></td>
</tr>
<tr>
<td>16. Prevalencia de desnutricion crónica en crianças menores de 5 anos (*)</td>
<td>43%</td>
<td>35%</td>
<td>43%</td>
<td>IDS</td>
<td>IDS</td>
<td>N/A</td>
<td>IDS</td>
<td>IDS</td>
<td>IDS</td>
<td>N/A</td>
<td>SETSAN/MISAU</td>
<td></td>
</tr>
<tr>
<td>17. Tasa de mortalidad infantil-juvenil (*)</td>
<td>97%</td>
<td>90%</td>
<td>97%</td>
<td>IDS</td>
<td>IDS</td>
<td>N/A</td>
<td>IDS</td>
<td>IDS</td>
<td>IDS</td>
<td>N/A</td>
<td>SETSAN/MISAU</td>
<td></td>
</tr>
<tr>
<td>18. Tasa de cobertura de TARV (Pediatríco) e (Adulto) (%)</td>
<td>(45) e [54]</td>
<td>(80) e [83]</td>
<td>33%</td>
<td>(69) e [64]</td>
<td>(69) e [64]</td>
<td>(65% Pediatr) e (1% Adulto)</td>
<td>80%[80]</td>
<td>80%[80]</td>
<td>(100%) e (100%)</td>
<td>MISAU</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. Tasa de cobertura de TARV de mujeres grávidas sapospositas (%)</td>
<td>86%</td>
<td>90%</td>
<td>92%</td>
<td>91%</td>
<td>91%</td>
<td>125%</td>
<td>92%</td>
<td>92%</td>
<td>92%</td>
<td>150%</td>
<td>MISAU</td>
<td></td>
</tr>
<tr>
<td>20. Nro profesionales de saúde por 100,000 habitantes (*)</td>
<td>94</td>
<td>113.3</td>
<td>38.8</td>
<td>104</td>
<td>104</td>
<td>52%</td>
<td>106.8</td>
<td>106.8</td>
<td>66%</td>
<td>MISAU</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. Nro de Distrito com Hospitais Districtais (*)</td>
<td>44</td>
<td>50</td>
<td>1</td>
<td>1</td>
<td>45</td>
<td>13%</td>
<td>4</td>
<td>50</td>
<td>38%</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22. Tasa de cobertura de descenso de ceto de útero en mujeres entre 30-55 anos nas consultas de Pnemenismo Familiar (*)</td>
<td>1%</td>
<td>15%</td>
<td>7%</td>
<td>8%</td>
<td>8%</td>
<td>50%</td>
<td>7%</td>
<td>7%</td>
<td>43%</td>
<td>MISAU</td>
<td></td>
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</tbody>
</table>
According to the 2018 Economic and Social Plan (PES) Proposal, work on certain indicators have been prioritized (see below). Of these, the construction of district hospitals and the provision of ARV treatment for children and adults require the most attention in order to meet 2018 targets ...

In the 2018 PES Proposal, the Health Sector has prioritized work aimed at increasing the number of institutionalized births, access to ARV Treatment for HIV-positive pregnant women, screening for cervical cancer, access to ARV Treatment for children and adults, and the construction of district hospitals.

As per the PQG midterm evaluation, the government is falling behind in meeting targets on access to ARV Treatment for children and adults and the construction of district hospitals, among others. As funding devoted to investment continues to decrease, it will be increasingly difficult for the sector to meet its target for decentralized health care provision through district hospitals.

In 2018, the government plans to work on the construction of 14 district hospitals in: Cuamba (Niassa); Montepuez, Mocimboa da Praia, Macomia (Cabo Delgado); Mamba (Nampula); Mopeia (Zambezia); Machaze (Manica); Massinga, Jangamo (Inhambane); Macia (Gaza); Manhica (Maputo); Fingoe (Tete); Marromeu (Sofala).
The Water & Sanitation Sector was allocated MT 4.6 b in the 2018 Budget Proposal. This represents a significant decrease in nominal and real terms relative to 2016 expenditure and the 2017 Budget; however, the decrease is not as large as it seems since the 2018 allocation does not include the same volume of infrastructure credits as previous years …

The Water and Sanitation Sector was allocated MT 4.6 b in the 2018 Budget Proposal. The proposed allocation represents a steep decrease in sector size in both nominal and real terms.

While the drop in funding is large, it is not as large as it seems. The MT 10.5 b initial allocation in 2017 considers nearly MT 4 b in credits for the rehabilitation of the Massingir Dam; 2016 expenditure accounts for nearly MT 2 b in credits for this and other large infrastructure projects. The 2018 proposed allocation does not include credits with comparable volume.
V. WATER and SANITATION SECTOR

... Water & Sanitation represents 1.5 percent of the 2018 Budget Proposal. Excluding financial operations and debt servicing, Water & Sanitation represent 2.0 percent. For lack of data on Water & Sanitation expenditure for other countries, there are no benchmarks to which Mozambique’s shares can be compared ...

Figure #15: Weight of Water & Sanitation Sector as a share of Government Expenditure and GDP

- According to the 2018 Budget Proposal, the Water and Sanitation Sector is worth 2 percent of the proposed budget less financial operations and debt servicing and 1.5 percent of the entire budget. The two respective shares are the lowest documented over the past decade, including pre-2015 before the sector assumed large infrastructure credits.

- As a share of GDP, the sector is worth a half percentage point.
V. WATER and SANITATION SECTOR

... Unlike the other social sectors, resources for Water & Sanitation largely come from external sources and are dedicated to investment purposes. In the 2018 Budget Proposal, external resources account for 71 percent and investment resources account for 91 percent of the sector’s total.

In the 2018 Budget Proposal, 71 percent of resources come from external sources and 29 percent from internal sources. 91 percent of resources are to be dedicated to investment and 9 percent to recurrent purposes. (The recurrent-to-investment ratio for 2018 and prior years is difficult to accurately calculate as it is impossible to disaggregate WASH recurrent spending from other infrastructure recurrent spending in the Ministry of Public Works, Housing, and Water Resource’s budget).

In the 2018 proposal for the sector, donors and creditors will fund 78 percent of investment. This is lower than the 93 percent budgeted in 2017 and the 90 percent spent in 2016.
V. WATER and SANITATION SECTOR

... According to Water & Sanitation Sector outcome indicators in the PQG Mid-Term Evaluation (see below), the government is furthest behind in meeting its targets for the shares of the rural and urban population with access to a safe water source and the share of the rural population that uses adequate sanitation facilities ...

Figure #17: PQG Outcome Indicator Performance for the Water & Sanitation Sector
## V. WATER and SANITATION SECTOR

... According to the 2018 Economic and Social Plan (PES) Proposal, work on certain indicators have been prioritized for 2018 (see below). Of these, the number of urban houses connected to the water supply and the number of improved latrines constructed in urban and rural areas require special attention to meet the 2018 target.

**Figure #18: PES Proposal Indicators and Targets for Water and Sanitation Sector in 2018**

<table>
<thead>
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</thead>
<tbody>
<tr>
<td>% of the population in rural areas living with a safe water source</td>
<td>MOPNRH</td>
<td>53%</td>
<td>75%</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Insufficient Data</td>
<td>Insufficient Data</td>
<td>53%</td>
</tr>
<tr>
<td>Number of water sources constructed</td>
<td>MOPNRH</td>
<td>Indicator not listed in original version of PQG 2015-2019</td>
<td>1,210</td>
<td>2,017</td>
<td>22</td>
<td>22</td>
<td>2,313</td>
<td>1,210</td>
<td>1,723</td>
<td>1,364</td>
<td>1,600</td>
<td>2,964</td>
<td>1,129</td>
</tr>
<tr>
<td>Number of improved water sources rehabilitated</td>
<td>MOPNRH</td>
<td>Indicator not listed in original version of PQG 2015-2019</td>
<td>723</td>
<td>903</td>
<td>932</td>
<td>962</td>
<td>991</td>
<td>723</td>
<td>638</td>
<td>1,002</td>
<td>1,318</td>
<td>2,320</td>
<td>1,140</td>
</tr>
<tr>
<td>Number of water supply system constructions/rehabiliations completed</td>
<td>MOPNRH</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td>Insufficient Data</td>
<td>Insufficient Data</td>
<td>Insufficient Data</td>
</tr>
<tr>
<td>Number of water supply system constructions/rehabiliations initiated</td>
<td>MOPNRH</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td>Insufficient Data</td>
<td>Insufficient Data</td>
<td>Insufficient Data</td>
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<tr>
<td>Number of KMs of expansion of water distribution network</td>
<td>MOPNRH</td>
<td></td>
<td></td>
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<td>Insufficient Data</td>
<td>Insufficient Data</td>
<td>Insufficient Data</td>
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<tr>
<td>% of the population in urban areas living with a safe water source</td>
<td>MOPNRH</td>
<td>85%</td>
<td>99%</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td>Insufficient Data</td>
<td>Insufficient Data</td>
<td>64%</td>
<td></td>
</tr>
<tr>
<td>Number of houses connected to water supply</td>
<td>MOPNRH</td>
<td>Indicator not listed in original version of PQG 2015-2019</td>
<td>46,618</td>
<td>45,050</td>
<td>42,200</td>
<td>42,000</td>
<td>42,000</td>
<td>46,618</td>
<td>22,000</td>
<td>34,395</td>
<td>27,205</td>
<td>61,600</td>
<td>13,500</td>
</tr>
<tr>
<td>Number of water supply system constructions/rehabiliations completed</td>
<td>MOPNRH</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Insufficient Data</td>
<td>Insufficient Data</td>
<td>Insufficient Data</td>
<td></td>
</tr>
<tr>
<td>Number of water supply system constructions/rehabiliations initiated</td>
<td>MOPNRH</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td>Insufficient Data</td>
<td>Insufficient Data</td>
<td>Insufficient Data</td>
<td></td>
</tr>
<tr>
<td>Number of sanitation and run-off water drainage system constructions/rehabiliations initiated</td>
<td>MOPNRH</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>Insufficient Data</td>
<td>Insufficient Data</td>
<td>Insufficient Data</td>
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</tr>
<tr>
<td>% of the population, living in urban areas, that use improved sanitation services</td>
<td>MOPNRH</td>
<td>50%</td>
<td>60%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Insufficient Data</td>
<td>Insufficient Data</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td>Number of improved latrines constructed</td>
<td>MOPNRH</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Insufficient Data</td>
<td>Insufficient Data</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Number of septic tanks constructed</td>
<td>MOPNRH</td>
<td>16%</td>
<td>40%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Insufficient Data</td>
<td>Insufficient Data</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>% of the population, living in rural areas, that use improved sanitation services</td>
<td>MOPNRH</td>
<td>50%</td>
<td>60%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Insufficient Data</td>
<td>Insufficient Data</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Number of improved latrines constructed</td>
<td>MOPNRH</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Insufficient Data</td>
<td>Insufficient Data</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Number of communities using good sanitation and hygiene practices</td>
<td>MOPNRH</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Insufficient Data</td>
<td>Insufficient Data</td>
<td>17%</td>
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</table>
VI. TRENDS in the 2018 STATE BUDGET

The proposed value of the State Budget for 2018 is MT 303.9 b. Over the past decade, strong GDP growth fueled growth in government revenues and, resultantly, government expenditures. Since 2014, however, revenues and expenditure have slowed, declining in both real terms and as a share of GDP. The depreciated currency, high inflation, and high debt burden have diminished the purchasing power of spending through the State Budget ...

The 2018 Budget Proposal is worth MT 302.9 b. This represents, in nominal terms, an 11 percent increase from the 2017 State Budget and a 37 percent increase from 2016 total government expenditure. The budget proposal is expected to be implemented in the context of projected GDP growth of 5.3 percent, according to government estimates.

According to government data, between 2009 and 2016, GDP has grown, in real terms, an average 7 percent per year, while government expenditure has grown an average 6 percent. Over the same time period, government revenue has grown on average 12 percent per year, yet government debt has grown on average 19 percent. However, since 2015, total government expenditure, priority sector expenditure, and government revenue have decreased in real terms.

As a share of GDP, government debt soared to above 100 percent of GDP in 2016. Government estimates foresee the debt-to-GDP ratio decreasing through 2018 but only due to the double-digit growth in real GDP relative to 2016 expenditure. Since 2014, government total expenditure, priority sector expenditure, and government revenue have been decreasing as a share of GDP.

Figure #19: Macro-Fiscal Trends according to Government of Mozambique Data
VI. TRENDS in the 2018 STATE BUDGET

... Compared to government data, IMF data is a bit more pessimistic in terms of Mozambique’s economic outlook. Projected real GDP growth will grow just 4 percent in 2018; as such, the IMF measures the country’s debt-to-GDP ratio to be substantially higher, in fact, among the top-ten highest ratios in the world*...

Figure #20: Macro-Fiscal Trends according to IMF World Economic Outlook Data

- **According to IMF data, GDP has grown, on average, 4 percent per year between 2009 and 2016, and is projected to grow again, in real terms, 4 percent in 2018.**

- **The government has spent, on average, 32 percent of GDP each year on the State Budget.** This is much higher than Mozambique’s Low Income Country peers that spend, on average, 13 percent of GDP, and its sub-Saharan Africa Country peers that spend, on average, 15 percent of GDP**.**

- **According to IMF data, the debt-to-GDP ratio is much higher, registering at 114 percent. This is mainly due to the lower GDP calculations. Like the government, the IMF expects Mozambique’s debt-to-GDP ratio to fall in 2017 and 2018, due to projected GDP growth.**
VI. TRENDS in the 2018 STATE BUDGET

...The recent surge in both internal and external debt has squeezed the government’s ability to provide public goods and services. Over the past decade, debt servicing payments have surged from 2 percent of the budget to 11 percent. In 2018, Mozambique will pay more to service the debt than it will spend on the Health Sector ...

Figure #21: Government Debt and Debt Servicing

- Over the past decade, internal debt has grown at a faster pace year-on-year than external debt. In 2015, when external debt grew by 63 percent, internal debt grew by 99 percent. The share of internal debt also grew as a share of total debt from 7 percent in 2008 to a projected 15 percent in 2018. The growth in internal debt is mostly attributed to Treasury Bonds and “other debts” attributable to fuel subsidies, public building leases, etc.

- As both the external and internal debt have increased, so have the country’s obligation to repay. In 2008, when debt was worth just 36 percent of GDP, Mozambique paid a nominal MT 1.3 b in debt servicing, equal to just 1.8 percent of total government expenditure. In 2018, it is proposed that the country will pay a nominal MT 33.2 b, equal to 11 percent of total government expenditure.

- Approximately 90 percent of the country’s debt is denominated in foreign currency*. The strong depreciation of the metical in 2015 and 2016 has meant the debt-to-GDP ratio has climbed and the debt is more expensive to repay.
VI. TRENDS in the 2018 STATE BUDGET

... Despite a high debt-to-GDP ratio, the country runs a persistent budget deficit, which it finances through further borrowing. According to the Budget Proposal, 2018 will be no exception; a budget deficit of MT 38.6 b is expected ...

- In 2018, total expenditure is expected to be MT 38.6 b more than expected domestic revenue mobilization, including donations (i.e. donor grants).

- The budget deficit in 2018 is expected to represent 12.7 percent of the entire State Budget. Over the past decade, the government has reported an average budget deficit of 12.5 percent.
VI. TRENDS in the 2018 STATE BUDGET

... In order to finance the deficit (in the context of suspended General Budget Support and IMF Standby Credit Facility) without substantial cuts to priority sectors, the government has prioritized domestic revenue mobilization. The 2018 Budget Proposal forecasts a 20 percent increase in revenues; but not much detail is provided as to how this will be achieved, especially considering below target revenue collection in 2015-16 and slowing GDP growth ...

Figure #23: Government Revenue Forecasting and Collection

- From 2008 through 2014, revenue collection increased, in nominal terms, on average, 26 percent per year. Following strong growth in 2014, revenue collection stayed the same in 2015 and increased just 6 percent in 2016. The 2017 Budget predicted an increase of 13 percent and the 2018 Budget Proposal predicted an increase of 20 percent.

- Between 2008 and 2014, Mozambique collected revenues in excess of its forecasts; however, since 2015, the government has fallen short of meeting its projected revenues. In 2015, it came up 3 percent short and, in 2016, 6 percent short. If the government comes up 6 percent short of meeting its revenue forecast in 2018, this would mean MT 13.3 b less spending, or a similar amount in additional borrowing.
VI. TRENDS in the 2018 STATE BUDGET

... Domestic resources for the State Budget have been plugging the hole left by diminishing donor resources. However, domestic revenue generation has been insufficient, from the government’s perspective, to meet desired spending levels; for this reason, internal and external borrowing is increasing. In 2018, foreign credits are to exceed foreign grants and internal borrowing is scheduled to double the amount actually borrowed in 2016 ...

Figure #24: Resource Mobilization by Type

- The share of internal resources provided to the State Budget increased from 56 percent in 2008 to 80 percent in the 2018 Budget Proposal.
- In 2008, donor provided grants accounted for 33 percent of total resources for the State Budget; in 2018, they are budgeted to cover not even 6 percent. As donor credits have decreased in nominal terms, real terms, and as a share of the State Budget over the past decade, domestic revenue mobilization has surged to fill the gap. In 2008, internal revenue generation (i.e. VAT, capital gains, etc.) grew from providing 56 percent in 2008 to 74 percent in the 2018 Budget Proposal.
- Also filling the gap left by diminished donor funding is the growth in internal loans (from 0.5 percent in 2008 to 6.3 percent in 2018) and external loans (from 11 percent in 2008 to 14 percent in 2018).
The share of resources dedicated to investment in Mozambique has been declining. This is especially true since 2015, due to frozen donor support and a crowding out effect by recent large proportional increases in financial operations and recurrent spending. In 2018, investment is worth just 26.8 percent compared to the 40.6 percent share from a decade ago ...
VI. TRENDS in the 2018 STATE BUDGET

... The nominal and real increase in recurrent expenditure over the past decade is mainly due to the fast-paced increase in salaries between 2008 and 2014; however, since 2015, the increase is due to the exponential growth in debt servicing. Also relevant to recurrent spending is the government’s plan in 2018 to significantly cut subsidies to less than 1 percent of total recurrent expenditure (compared to nearly 10% in 2010) ...

Figure #26: Recurrent Expenditure by Economic Classifier

- In nominal terms, salaries have grown, on average, 17 percent per year. In real terms, salaries grew, on average, 14 percent between 2009 and 2014; and in 2015 and 2016, salaries grew just 4 percent and 1 percent, respectively. The 2018 Budget Proposal targets a 19 percent nominal increase from 2016 expenditure and a 19 percent nominal increase from the 2017 Budget. In real terms, the 2018 Budget Proposal targets a 0.3 percent increase from 2016 expenditure and an 11 percent increase from the 2017 Budget.

- In real terms, salaries strongly increased between 2008 and 2014. After 2014, debt servicing payments have taken off. In 2015, payments to service the debt grew by 42 percent; in 2016 they grew by 78 percent; in 2017 they were budgeted to increase by 50 percent; and for the 2018 Budget Proposal, they are planned to increase by 15 percent. The increase in debt servicing has squeezed fiscal space for salaries (i.e. new hires in Education) within the recurrent category.

- In 2010, the government provided a peak value of subsidies. Since 2010, subsidies have steadily been decreasing in nominal, real, and proportional terms. In the 2018 Budget Proposal, subsidies have been all but eliminated, representing just MT 0.7 b, equal to less than 1 percent of total recurrent expenditure.
VI. **TRENDS in the 2018 STATE BUDGET**

... Over the past decade, fast growth in proportional expenditure at the district level and slower growth at the central level have squeezed proportional spending at the provincial level. In the 2018 Budget Proposal, the central level will receive the most resources, followed by districts, provinces, and then municipalities...

Figure #27: **Expenditure by Territorial Level**

- Between 2008 and 2014, spending at the central level increased in nominal, real, and proportional terms. In 2015, central spending decreased on all terms, but in 2016, increased in nominal, real, and proportional terms; then, increased again for the 2017 Budget. In the 2018 Budget Proposal, central spending is set to increase relative to the 2017 Budget by 10 percent in nominal terms and 3 percent in real terms. Relative to 2016 expenditure, it is set to increase 50 percent in nominal terms and 27 percent in real terms.

- The distribution of spending authority through the State Budget has changed over the years. In 2008, central level spending accounted for 63.7 percent; provincial spending was 31.2 percent, district spending was 4.1 percent, and municipal spending was 1.1 percent. In the 2018 Budget Proposal, central level spending will account for 72.9 percent; provincial spending, 11.4 percent; district spending, 14.3 percent; and municipal spending, 1.4 percent.

- Over the past decade, decentralization has occurred just from the provincial level to the district level. 2015 was the first year in which district spending eclipsed provincial spending. Again, in the 2018 Budget Proposal, district spending is set to outpace provincial spending.
VI. **TRENDS in the 2018 STATE BUDGET**

... In the 2018 Budget Proposal, “PQG Priority II: Develop Human and Social Capital” (i.e. social sectors) is expected to receive the largest share of funding. Since 2015, around one-third of State Budget resources have been spent or programmed to address Priority II ...

The government’s overarching development strategy, the “Government’s Five-Year Plan (PQG 2015-2019)” has 5 strategic priorities and 3 strategic pillars. In the 2018 Budget Proposal, **Priority II: Develop Human and Social Capital**, has received the majority of funding, worth 32.5 percent of the proposed budget. This priority counts spending on social sectors including education and health.

Since the PQG entered into force in 2015, spending on Priority II has grown in nominal terms, but remained the same in real and proportional terms. The other related category, **Priority IV: Develop Economic and Social Infrastructure** (i.e. schools and hospitals) has received a larger allocation in nominal, real, and proportional terms in the 2017 Budget and 2018 Budget Proposal.

The biggest increase in nominal, real, and proportional terms has been by **Priority I: Consolidate National Unity, Peace, and Democracy**, the category which includes defense spending. In 2018, this category is expected to account for 7.1 percent of expenditure.
VII. ISSUES for CLARIFICATION

1. The government has drawn attention to the need to improve the lagging student-teacher ratio in primary school in the PQG Midterm Report and as a prioritized indicator in the 2018 PES Proposal. However, new teacher admissions for 2018 represent just a quarter of previous years. Why are new teacher hires so low this year? Are new hires expected to return to historical levels in 2019? What does the Ministry plan to do with the numerous teachers graduating from its several pedagogical teacher colleges that won’t be offered jobs? What is the Education Sector doing to ensure teacher retention?

2. Does the Health Sector total in the 2018 Budget Proposal include Prosaude commitments? If so, what is the expected level of Prosaude funding in 2018?

3. The investment budget for the Health Sector is quite small, yet, according to the 2018 PES Proposal, the government plans construction on 14 district hospitals, 2 general hospitals, and 1 provincial hospital. Is this a realistic target and, if so, has the government budgeted sufficient resources to put the indicator for “number of districts with district hospitals” back on track?

4. In the 2018 Budget Proposal, the government plans to phase out a large portion of subsidies for petrol (i.e. public transport), flour (i.e. bread), SOEs, etc. from a nominal value of MT 2.7 b in 2017 to just MT 0.7 b in 2018. Which subsidies remain (i.e. to protect the most vulnerable segment of society) and which subsidies are being cut?

5. Of the numerous PQG/PES outcome and output indicators, certain indicators are prioritized and listed in the annual PES. How is this prioritization done? For example, according to the PQG Midterm Report, which was released during the formulation of the 2018 PES Proposal, helping students with learning disabilities is a key education indicator where attainment is lagging well behind targets; yet, this indicator is not prioritized in the 2018 PES Proposal. What is the prioritization process for inclusion in the annual PES based on?

6. Internal debt is set to grow MT 20 b to a total of MT 128 b. From 2009 through 2016, we know that the growth in internal debt is mostly due to treasury bonds and “other debts”. What does the government include in this “other debts” category, specifically what it terms: “(ii) divida assumida pelo estado”. See CGE 2016, Documento da Fundamentação, Page 71, Table 29.

7. The government projects a 20 percent increase in tax revenue for 2018 (from MT 186 b to MT 223 b), but not much detail is offered about how this revenue will be generated. The Bank of Mozambique governor Rogerio Zandamela did not express confidence in the country’s ability to reach this revenue target when, during a press conference on 26 October, he said that “the huge efforts by the Tax Authority will not, in the short term, compensate for the substantial cuts in foreign aid”. Considering that the inability to raise expected revenue will result in cuts in discretionary spending in places such as the priority sectors, how does the government expect to increase revenue by 20% when GDP is expected to increase just 5%? Is the country expecting substantial capital gains tax revenues in 2018?

8. For the first time since 2014, Mozambique is expected to pay in 2018 a larger share of debt servicing on internal interest compared to external interest. Much is known about the interest rates, terms and conditions of the country’s external debt, but what are the rates, terms, and conditions of the internal debt Mozambique will be so heavily servicing (at the expense of social sector funding) in 2018?

9. According to the PQG midterm review, 80% of targets for indicators linked to “Priority V: Ensure the Sustainable and Transparent Management of Natural Resources and the Environment” are behind schedule (see Balanço Intermedio do PQG 2015-2019, Page 69, Quadro 23). Despite the fact that Priority V is furthest off pace relative to other Priorities, funding for Priority V has dropped in nominal, real, and proportional terms. How does the government expect to meet Priority V indicator targets with fewer resources?
VIII. SOURCES and NOTES for FIGURES

Figure #1: Source: CGE 2009-2016; LOE 2017; OE Proposta 2018; Quadro 14: Despesas nos Sectores Económicos e Sociais.

Figure #2: Source: CGE 2009-2016; LOE 2017; OE Proposta 2018; Quadro 14: Despesas nos Sectores Económicos e Sociais.

Figure #3: Source: CGE 2009-2016; LOE 2017; OE Proposta 2018; Quadro 14: Despesas nos Sectores Económicos e Sociais | Note: Percentages are represented as a share of total state expenditures (excluding financial operations and debt servicing). WASH totals are the author’s calculations from the CGEs 2009-2016. WASH is a sub-sector of the Infrastructure sector and thus the WASH total is represented as a share of Infrastructure. The Millenium Challenge Account (MCA) was not included in the priority sector sum totals. In 2015, there was a different categorical structure compared to 2009-2014 and thus cannot be directly compared.

Figure #4: Source: Author’s calculations from CGE 2008-2016; LOE 2017; OE 2018 Proposta

Figure #5: Source: Author’s calculations from CGE 2008-2016; LOE 2017; OE 2018 Proposta; World Bank, World Development Indicators: “Government spending on education (% of total government expenditure)” for low income and sub-Saharan Africa countries.

Figure #6: Source: Author’s calculations from CGE 2008-2016; LOE 2017; OE 2018 Proposta


Figure #8: Source: Author’s compilation from PES 2018 Proposta, Balanco do PES 2015, Balanco do PES 2016, and Balanco Intermedio do Programa Quinquenal do Governo 2015-2019.

Figure #9: Source: Author’s calculations from CGE 2008-2016; LOE 2017; OE 2018 Proposta.

Figure #10: Source: Author’s calculations from CGE 2008-2016; LOE 2017; OE 2018 Proposta; World Bank, World Development Indicators: “Government spending on health (% of total government expenditure)” for low income and sub-Saharan Africa countries.

Figure #11: Source: Author’s calculations from CGE 2008-2016; LOE 2017; OE 2018 Proposta.


Figure #13: Source: CGE 2016, page 68; OE 2018 Proposta, page 29.

Figure #14: Source: Author’s compilation from PES 2018 Proposta, Balanco do PES 2015, Balanco do PES 2016, and Balanco Intermedio do Programa Quinquenal do Governo 2015-2019.

Figure #15: Source: Author’s calculations from CGE 2008-2016; LOE 2017; OE 2018 Proposta.

Figure #16: Source: Author’s calculations from CGE 2008-2016; LOE 2017; OE 2018 Proposta.


Figure #18: Source: Author’s compilation from PES 2018 Proposta, Balanco do PES 2015, Balanco do PES 2016, and Balanco Intermedio do Programa Quinquenal do Governo 2015-2019.

Figure #19: Source: CGE 2008-2016; LOE 2017, OE 2018 Proposta | Note: MEF CGE refers to the Ministry of Economy and Finance’s General State Account data.

Figure #20: Source: IMF WEO 2008-2016 (actual) 2017-2018 (projections); CGE 2008-2016; LOE 2017, OE 2018 Proposta | Note: IMF WEO refers to the International Monetary Fund’s World Economic Outlook data from October 2017.

Figure #21: Source: CGE 2008-2016; LOE 2017, OE 2018 Proposta; World Bank, World Development Indicators, “Official exchange rate (LCU per US$); World Bank, Mozambique Economic Update. December 2016. Page 21, Figure 23. | Note: Figure is reproduction of figure from World Bank, Mozambique Economic Update.

Figure #22: Source: CGE 2008-2016: Tabela, Indicadores Orçamentais; LOE 2017: Tabela, Previsao da Despesa do Estado; OE 2018 Proposta: Tabela, Previsao do Financiamento do Orçamento do Estado | Note: Budget Deficit after Donations is the difference between total expenditure and total revenues including donations.

Figure #23: Source: CGE 2008-2016: Investimento por Origem e Modalidade do Financiamento; LOE 2017; OE 2018 Proposta | Note: Budget figures consider revised budgets. Includes both financial and in-kind donations.

Figure #24: Source: CGE 2008-2016: Quadro, Equilibrio Orçamental; LOE 2017: Quadro, Previsao da Despesa do Estado; OE 2018 Proposta: Quadro, Previsao do Financiamento do Orçamento do Estado.

Figure #25: Source: CGE 2008-2016: Quadro, Equilibrio Orçamental; LOE 2017: Quadro, Previsao da Despesa do Estado; OE 2018 Proposta: Quadro, Previsao do Financiamento do Orçamento do Estado.

Figure #26: Source: CGE 2008-2016: Despesas de Funcionamento, Segundo a Classificacao Economica; LOE 2017; OE 2018 Proposta

Figure #27: Source: CGE 2008-2016: Tabela, Despesas Totais por Ambitos; LOE 2017: Tabela, Alocacao por Ambito; OE 2018 Proposta: Tabela Alocacao por Ambito | Note: Discrepancies in the total expenditure for years 2008, 2009, 2010, and 2011.

Figure #28: Source: CGE 2015-2016: Documento da Fundamentacao; LOE 2017: Mapa D; OE 2018 Proposta: Mapa D. World Bank, World Development Indicators: Consumer Price Index | Note: 2015 does not include debt servicing and financial operations; CPI 2010=100.

Page #23: * World Bank, World Development Indicators; ** https://tradingeconomics.com/country-list/government-debt-to-gdp