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Budget Brief 2016: Social Action

KEY MESSAGES

- Definition of the Sector: In the 2016 State Budget Law (LOE), for the second consecutive year, the allocation referring to "Social Action" was classified as part of the "*Social Action and Labour*" sector. Thus this sector includes the allocations to MGCAS, to INAS, to the social subsidies—fuel subsidies, wheat flour subsidy (AMOPÃO), and transporter subsidy (FEMATRO) — and to the "Labour and Employment" sub-sector (Ministry of Labour and its units)[1]. In order to improve the transparency of the LOE itself, it would be important for the Social Action sub-sector to be classified independently of Labour and Employment.

- Allocation to the Sector: In July 2016, the 2016 State Budget, which had been approved in December 2015[2] was revised to reflect the new macro-economic context of the country. In this revised 2016 budget[3], the sum of 5,337 million MT was allocated to the *"Social Action and Labour"* sector. This sum was 2.6% of the total expenditure[4] envisaged in the State Budget

- Variations in the allocation to the Sector: The revised allocations shows a decline of 310 million MT when compared with the allocation in the original budget, which is a cut of 6% on the allocation with which the Sector was initially endowed in December 2015. This document will analyse the 2016 State Budget (OE) that is in force, which is the budget as amended in July 2016. The decline (of 310 million MT) observed when the original and the revised allocations for the "Social Action and Labour" sector are compared is due mainly to cuts in the domestic capital expenditure envisaged (a decline of 100 million MT for MGCAS and INAS, and of 191 million MT for MITESS), which would have covered costs associated with improving the infrastructures of the various institutions. There was also a cut in the allocation for the recurrent costs of INAS (decline of 269 million MT). On the other hand, there was an increase in price subsidies (a rise of 263 million MT), similar to the amount cut from the INAS recurrent costs. This increase was due to the reintroduction, in July 2016, of the "bread subsidy", which had been suspended in October 2015.

- Trend: The budget allocated for Social Action – the sums allocated to the Ministry of Gender, Children and Social Action (MGCAS) and to the National Social Action Institute (INAS), excluding, therefore, the sums allocated to Social Subsidies (which include the generalised fuel and food subsidies) - underwent a significant fall, compared with previous years, regarding its relative weight in terms both of the GDP (0.56% of GDP in 2016 compared with 0.75% in 2015) and of the OE (1.6% compared with 1.98% of the OE of 2015). This fall interrupts a continual positive growth trend in the allocation to Social Action, particularly in the last 5 years. Thus, for 2016, 3.9 billion Meticais were programmed, which is a decline of 13% in nominal terms when compared with the OE of 2015 (when 4.5 billion MT were allocated), and a decline in the order of 18% in real terms, taking the effect of inflation into account[5].

- Coverage of the INAS Programmes: Despite this significant fall, the targets for the basic social protection programmes managed by INAS maintain a positive progression. For 2016 the overall target has been maintained of 498,866[6] households (AF) benefitting from these programmes (PSSB, PASD and PASP), compared with 466,063 AF envisaged in the 2015 PES. Despite the positive progress, this target for 2016 still accounts for only 15% of the AF living in poverty in Mozambique. The target for 2016 underwent no alteration in the amended 2016 LOE (it is the same figure as in the original 2016 budget). This fact raises questions about how INAS intends to attend to the same number of beneficiaries with a lower budget for the transfers with the programmes.

1) Until 2015, the subsidies intended to cover the operational deficits of Public Companies were wrongly considered as expenditure of the Social Action sector.
2) Law no. 9/2015, of 29 December.
3) Law no. 7/2016, of 2 August.
4) Excluding the General Expenses of the State (E.G.E).
5) The explanatory document for the 2016 LOE, sets the average inflation rate for 2016 at 17.6%.
6) Economic and Social Plan (PES) 2016, July 2016.

- Value of the transfers: In 2016, unlike what happened in 2013, 2014 and 2015, there was no adjustment in the value of the levels of the Basic Social Allowance Programme (PSSB). The adjustments are important for dealing with inflation and with the fluctuations in the prices of basic foodstuffs (which create a significant loss of purchasing power among the beneficiaries from the transfers). To conserve the same purchasing power as in 2015, the value that a PSSB beneficiary would receive at the first level should increase in 2016 from 310 MT to 365 MT, given the inflation that had occurred. The value of the food kit distributed through the Direct Social Support Programme (PASD) was also kept at the same level as in 2015 (1,500 MT).

- Equity of allocations: There is also no relationship between the geographical distribution of indicators of poverty and vulnerability and the distribution of resources through the INAS programmes, which could lead to a worsening of inequalities. However, there has already been an improvement in the correlation between greater indices of poverty and better budgetary endowment for the programmes.

- Social subsidies (SS): In 2016, with the amendment of the OE, the allocation to "social subsidies" (fuel, food and transporter subsidies) underwent a significant decline from 2.2 billion MT in 2015 to 942 million MT (2.1 billion MT had been allocated in the original OE). These subsidies are less progressive than the allowances distributed through the INAS programmes, since the social subsidies benefit the population as a whole and not specifically the most vulnerable strata, thus diluting their impact on poverty reduction.

- ENSSB 2016-2024: The targets laid down in the ambitious National Basic Social Security Strategy (ENSSB) 2016-2024[7], with which the sector has been endowed to define the guiding lines for basic social protection, will require strong investment in the budgetary allocation for the sector in the coming years. It is becoming necessary to prioritise the relative weight which the sector will have in the coming years in terms of the OE and the GDP (in 2024, 2.23% of the GDP should be destined to cover the expenses of the various social protection programmes, compared with the 0.44% that has been allocated in 2016).

- Economic crisis and Social Protection: Within the current economic context, where more people may find themselves in a situation of vulnerability, it would be strategic to strengthen the basic social protection programmes, since they are one of the main instruments to respond to poverty and vulnerability, to strengthen resilience and the consumption capacity of households, and to promote human capital, as mentioned in the recently approved ENSSB 2016-2024, the document that will guide developments in the area of basic social protection in Mozambique in the coming years.

Introduction

The original State Budget (OE) and Economic and Social Plan (PES) for 2016, which were approved by Parliament in December 2015, were amended in July 2016 in response to changes in the country's macro-fiscal environment. Faced with the fall in commodities prices, the reduction in foreign direct investment and in the entry of foreign currency, the increase in debt, the freeze on disbursements of General Budget Support, the interruption of IMF financial support, the additional public expenditure needed to alleviate the effects of generalised drought in the south of the country, the resulting currency devaluation and the projection of inflation revised to 16.7 per cent[8], the Mozambican government amended the State Budget. Targets in the Economic and Social Plan were amended in accordance with the new levels of expenditure expected.

The original 2016 State Budget was 246.1 billion MT, while the revised 2016 State Budget is 243.4 billion, which is a reduction of 1.1 per cent. In response to the new macro-fiscal scenario, in early July 2016 the Government announced plans to reduce the OE by about 24 billion MT, equivalent to 10 per cent of the original value of the 2016 OE;[9] however, the reduction was only 2.7 billion MT. To a large extent, this is due to the fact that international aid, provided in foreign currency, is worth more in Meticais now than when the original OE was prepared, given the depreciation of the Metical.

The budget cuts were concentrated in the category of internal capital expenditure — with a reduction from 41.3 billion to 28.9 billion MT—since the majority of large construction projects have been suspended[10].

1. What is the Social Action Sub-Sector?

In the 2016 State Budget Law (LOE), the sector named as "Social Action and Labour" covers:

- Ministry of Gender, Children and Social Action (MGCAS) and its respective Provincial Directorates;
- National Social Action Institute (INAS) and its (30) Delegations;
- Social Subsidies (SS)[11];
- Labour and Employment.

The document "*Methodology for the calculation of Priority Expenditure*", drawn up by the National Planning and Budget Directorate (DNPO), clarifies that the allocations attributed to the Ministry of Veterans' Affairs (MAAC), previously considered within the "Social Action" sector, ceased to be included in the sector as from 2013, and that the costs of the District Women's Affairs and Social Action Services (SDSMAS) are considered within the Health Sector.

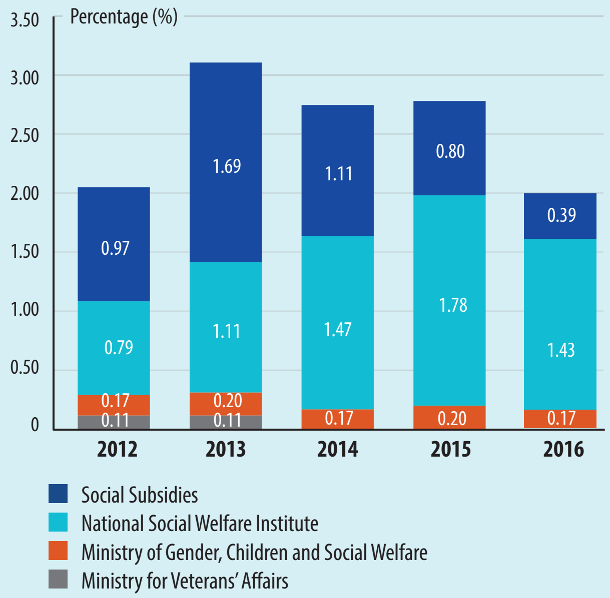
7) Approved at an ordinary session of the Council of Ministers on 23 February 2016.
8) Amended LOE, Explanatory Document, 2016, p.2.
9) Speech of the Minister of Economy and Finance, Adriano Maleiane, 7 July 2016
10) Amended LOE, Explanatory Document, 2016, Table 7, pg. 19.
11) Registered in the OE under the heading General State Costs (EGE) "E.G.E-SUBSÍDIOS-CENTRAL".

2. The Social Action Sub-Sector in the State Budget

According to the organic classification presented in the LOE, which includes the social subsidies (SS), the total allocation for the Social Action sub-sector (thus excluding the allocation earmarked as "Labour and Employment") in 2016 is **4.8 billion MT**. Of this sum, 3.9 billion MT will be channelled to MGCAS and INAS, and 0.9 billion MT for the SS. This allocation to the sub-sector corresponds to 1.97% of the 2016 OE, which is a significant decline when compared to the 2.78% which it represented in 2015.

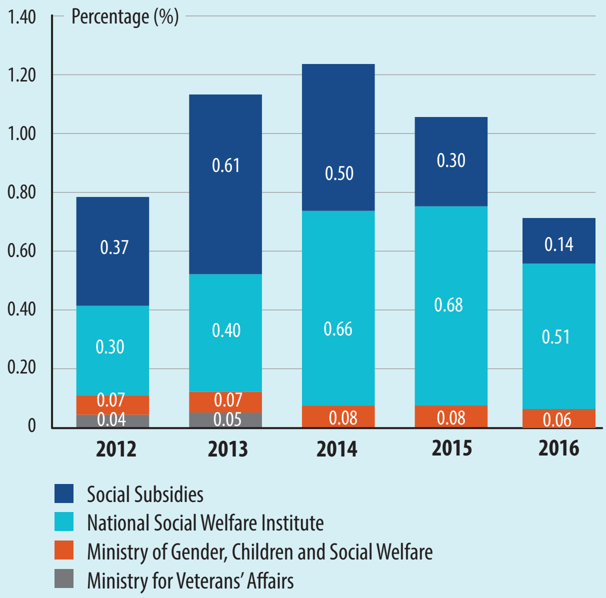
Excluding the social subsidies from the analysis, the budgetary allocation to the Social Action sub-sector (MGCAS and INAS) underwent a worrying fall from 2015 to 2016, representing a decline of 13% in nominal terms.

FIGURE 1 Funds allocated to the Social Action sub-sector in relation to the state budget



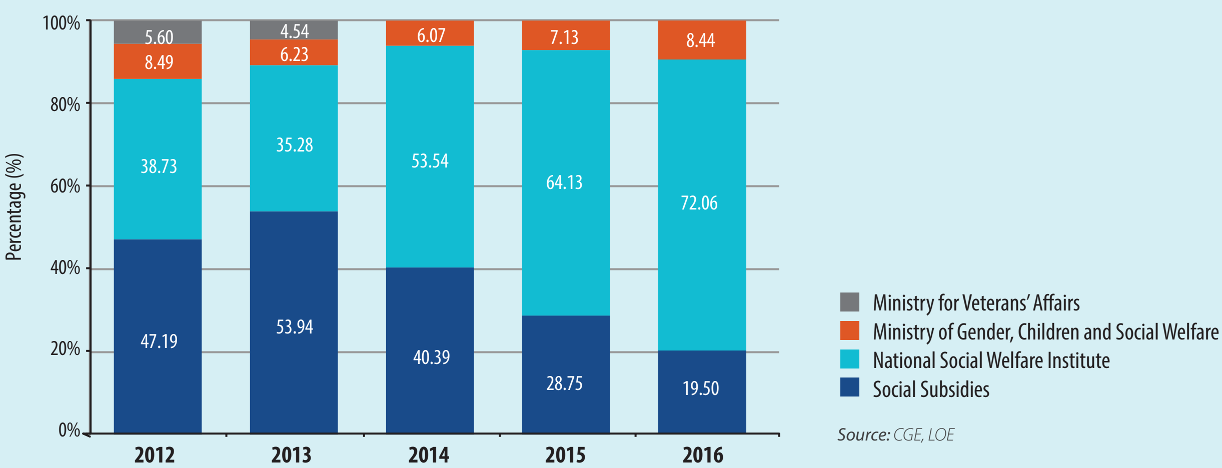
Source: CGE, LOE

FIGURE 2 Funds allocated to the Social Action sub-sector in relation to GDP



Source: CGE, LOE

FIGURE 3 Distribution of funds in the Social Action sub-sector (Organic Classification)



Source: CGE, LOE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The allocation to the Social Subsidies is continuing to decline in favour of the allocation for Basic Social Protection Programmes, which are regarded as much more progressive and effective mechanisms for redistributing income, and which specifically reach the most vulnerable strata of the population.

3. Social Action as Expenditure in the Priority Sectors

As from 2015, as can be seen in Table 9 of the Explanatory Document for the 2016 LOE, *"Expenditure in the Economic and Social Sectors"*, the Social Action and Labour Sector (**5,337 billion MT**) came to consist of, in addition to MGCAS, INAS and the Social Subsidies which *"seek to minimise the high cost of living that the population faces"*, the resources allocated to the *"Labour"* component.

Figure 4[12] shows the allocations to the various components of the "Social Action and Labour" sector in the 2016 LOE.

FIGURE 4 Allocations for the various components of the "Social Action and Labour" Sector, 2016

	Millions of MT
Total MGCAS budget	408
Total INAS budget	3,482
Price subsidies (fuel, wheat flour and transporters)	942
Labour and Employment	505
TOTAL	**5,337**

Source: LOE 2016

TABLE 1 Expenditure in the main Economic and Social Sector in millions of meticais

	CGE 2015	2016 Law	2016 Prop
Total Expenditure (excluding EGE)	**192,913.5**	**207,525.0**	**204,304.1**
Economic and Social sectors	**102,444.7**	**138,116.0**	**128,744.1**
Education	**41,815.0**	**45,801.0**	**44,399.5**
Health	**18,399.0**	**21,607.9**	**23,896.3**
Infrastructures	**21,592.0**	**40,895.4**	**34,950.6**
Roads	15,044.0	28,724.7	23,986.0
Water and public works	4,582.0	9,138.1	8,303.3
Mineral resources and energy	1,967.0	3,032.7	2,661.2
Agriculture and rural development	**11,366.0**	**15,340.3**	**16,217.5**
Judicial system	**4,238.0**	**4,271.7**	**3,942.8**
Social welfare and labour	**5,034.7**	**5,647.8**	**5,337.4**

In the 2016 LOE, there is no disaggregated information about the sums going to each of three types of price subsidies (fuel, wheat flour and transporters). There is only information about the allocation to cover the subsidies, which reduces the transparency of how much is attributed to each of these subsidies. Up until 2015, the subsidies intended to cover the deficits in operating the Public Companies were wrongly regarded as expenditure in the Social Action sector.

The inclusion of the resources allocated for "Labour and Employment" (the Ministry of Labour and its units) alongside those for "Social Action" distorts the perception of the nature of the Social Action sub-sector in the State Budget, since the objectives of the two sub-sectors are not the same and the target population is different. In order to improve the transparency of the LOE itself, and bearing in mind that "Labour and Employment" is also a priority sub-sector, it would be important for the Social Action sub-sector to be classified separately from Labour and Employment.

12) Calculations made by the author based on the data contained in the charts and the explanatory document of the 2016 LOE.

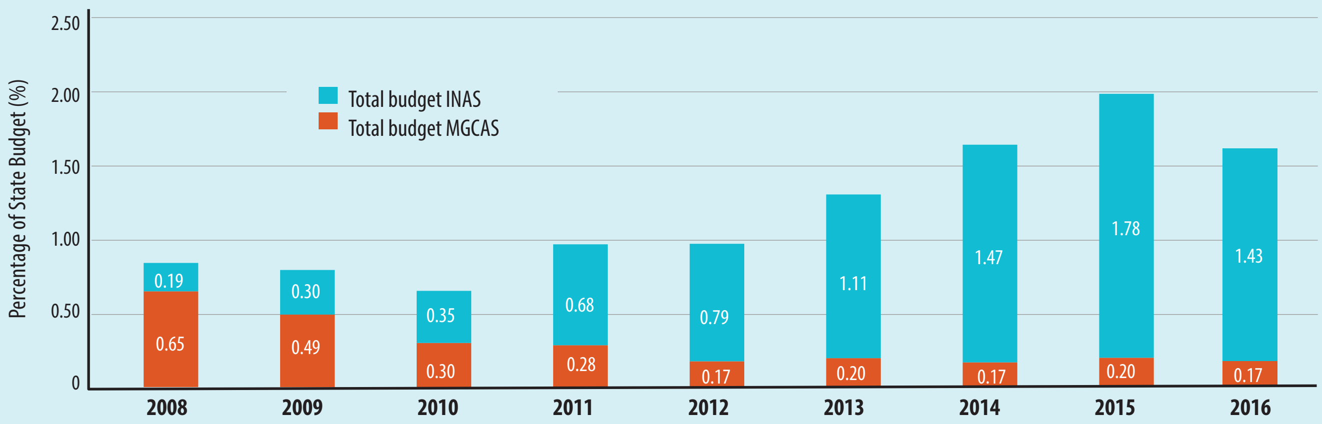
Although it is referred to as "foreign investment", the PASP programme should be considered as financed wholly by domestic state resources, since the debt to the WB implies returning the funds loaned plus the respective interest.

4. Allocations to MGCAS and INAS

The allocations intended for MGCAS and INAS have declined in terms of their relative weight in the OE, from 1.98% in 2015 to 1.60% in 2016 (representing a reduction of 5.1% in real terms). Of this 1.60%, the programmed allocation for the INAS accounts for 1.43%, while the MGCAS receives the remaining 0.17%.

In Figure 5 one can note the significant fall recorded in the allocation, both for the MGCAS and for the INAS, in 2016, which breaks with the positive trend of sustained growth observed particularly as from 2012.

FIGURE 5 Budget allocated to MGCAS and INAS



Source: *CGE, LOE*

5. INAS and the Social Protection Programmes

In the 2016 LOE, **3,044 billion MT** were allocated to cover expenditure related with the four Basic Social Protection programmes (PSSB, PASD, PASP, and SSAS). Thus, the **PSSB**[1] **will have 1,705 billion MT at its disposal** (of which 1.64 billion MT are financed by internal funds and only 64 million MT by external funds, deriving from support from DFID and EKN); **PASD**[2] **693 million MT**; **PASP**[3] **556 million MT;** and **SSAS**[4] **89 million MT**.

The significant fall in the allocation to cover expenses on the basic social protection programmes when compared with 2015 (when the allocation was 3,481 billion MT) did not affect the various programmes in the same way. While the PSSB and PASD received an allocation similar to that received in 2015, the PASP received only half of the sum allocated in 2015, which could be related to the feeble implementation of this programme. It is important to mention that **95% of the funds allocated to the PASP** come from a **loan** from the World Bank (WB) under an agreement signed with the Mozambican government in 2013. Although classified as *"foreign investment"*, **the PASP programme should be considered as financed wholly by domestic State resources, since the debt to the WB implies returning the funds loaned plus the respective interest**.

13) Basic Social Subsidy Programme.
14) Direct Social Support Programme
15) Productive Social Action Programme.
16) Social Action Social Services.

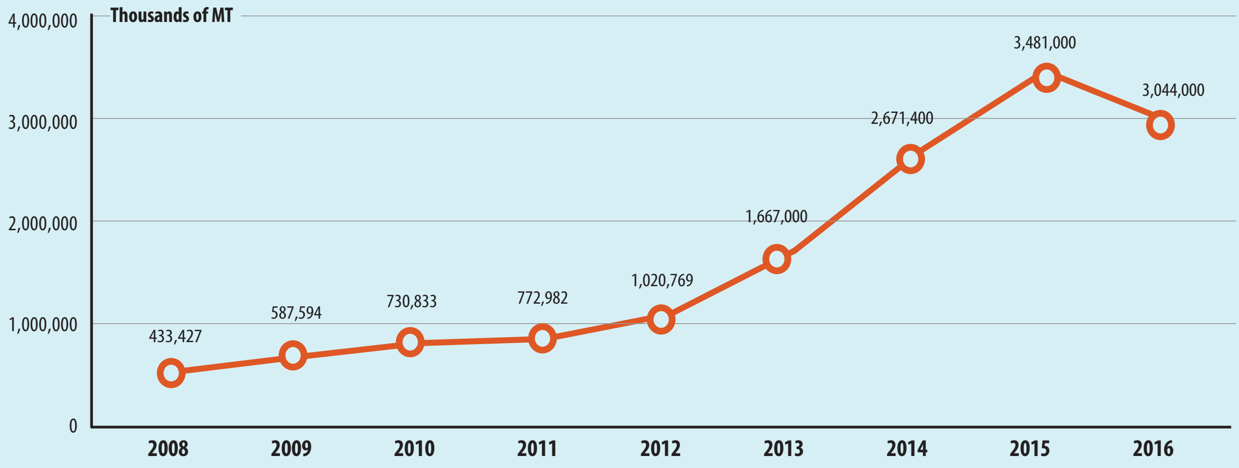
5.1 TRENDS: ALLOCATION TO THE BASIC SOCIAL PROTECTION PROGRAMMES

In recent years, a positive trend has been observed in the allocations to the INAS programmes, both in individual sums, and in their weight in the State Budget and the Gross Domestic Product. The 2016 LOE interrupted this trend, since the allocation to cover the costs of the basic social protection programmes managed by the INAS declined by about 18% in real terms, when compared with the 2015 allocation.

0.44%

of the GDP, is the share of the State Budget allocated to the basic social protection programmes compared with 0.58% in 2015, which broke with the positive trend registered since 2012.

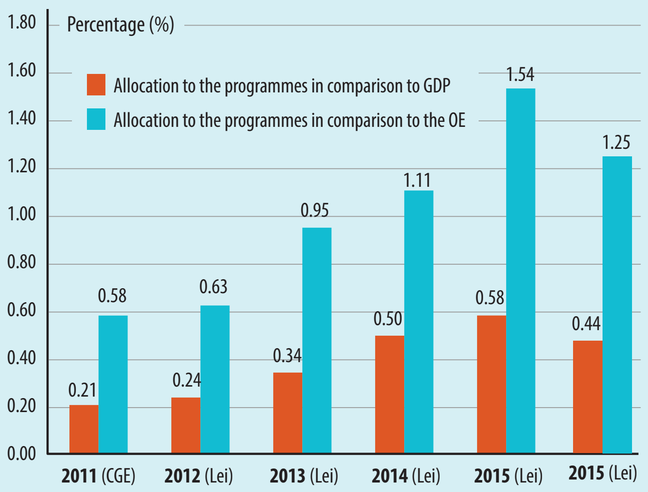
FIGURE 6 Budgetary Allocation to INAS Programmes



Source: Report of INAS, PES, LOE, General State Account (CGE), author's calculations.

Figure 7 shows the growth in the weight of the allocation to the social protection programmes, from which one can note the positive trend interrupted in 2016, falling to 1.25% of the OE and 0.44% of GDP.

FIGURE 7 Evolution of the budget allocated to the INAS Programmes



Source: CGE, LOE

The decline this year brings risks for the impact of the monetary transfers distributed to vulnerable households through the basic social protection programmes, and it is necessary to strengthen urgently the budgetary allocation for these programmes, especially in the context of the current economic crisis in which the number of people facing situations of vulnerability could grow. The allocation to the Basic Social Protection Programmes is still well below the international reference points. For example, the World Bank sets an average of **1.1% of GDPB[5] in developing countries to be dedicated to social transfer programmes**. Likewise, the National Basic Social Security Strategy, recently approved by the Council of Ministers (ENSSB 2016-2024), defines a scenario under which, by 2024, **2.24% of GDP** should be destined to cover the costs of the various social protection programmes. Thus it is becoming urgent to reverse this situation in the allocation for 2017, so as to achieve the undertakings and targets laid down, both in the ENSSB 2016-2024 and in other programmatic instruments of the Mozambican government, such as the **PQG[6] 2015-2019** (which states that, by 2019, **25%** of vulnerable households should be covered by basic social security programmes) and the **National Development Strategy (ENDE) 2015-2035**, which has the target of **covering 75%** of vulnerable households by 2035.

17) *Grosh et al., 2008.*
18) Government Five Year Programme 2015-2019.

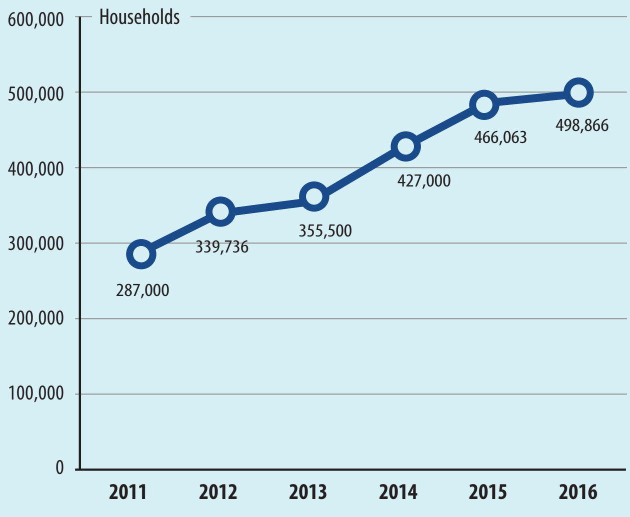
Despite the positive trend in terms of the growth of coverage of the programmes, the number of households covered is well below the needs (reaching about 15% of the estimated number of poor households in the country) and below the targets approved in ENSSB 2016-2024 and in the other programmatic instruments, such as PQG 2015-2019 or ENDE 2015-2035.

Despite the fall in the allocation to the Basic Social Protection programmes when compared with the LOE 2015, the coverage targets of the sector were an increase over those of the previous year[19], making it possible to maintain the positive trend observed in recent years, as can be seen in Figure 8.

In a context of reduced allocation, it is important to understand how the sector intends to meet higher targets with fewer resources, which could be to do with maintaining the values of the transfers and not revising them to take inflation into account, which puts at risk the impact of the transfers on the action of the beneficiaries. As mentioned earlier, for 2016, unlike what occurred in 2013, 2014 and 2015, there was no adjustment in the value of the levels of the Basic Social Subsidy Programme (PSSB) – the programme with the largest coverage – to deal with the inflation rate and the fluctuations in the prices of basic foodstuffs, which brings a significant loss of purchasing power for the beneficiaries, particularly in a context of high inflation, as is currently happening. Thus the basic monthly value for a one person household rose from 280 MT in 2014 to 310 MT in 2015 (in 2012 the sum allocated was 130 MT). This could rise to a maximum of 610 MT for a household with four dependents. These same sums were maintained in 2016. The value of the Food Kit distributed through the Direct Social Support Programme (PASD) was also kept at the same sums as in 2015 (it has risen from 960 MT in 2013 to 1,500 MT in 2015). Thus the value of the transfer that the beneficiaries receive was eroded in terms of purchasing power in 2016 when compared with the previous year. To preserve the same purchasing power as in 2015, since the average inflation rate for 2016 is 17.6%, the 310 MT which a beneficiary of the first level of the PSSB receives, should have been revised upwards to the sum of **365 MT**.

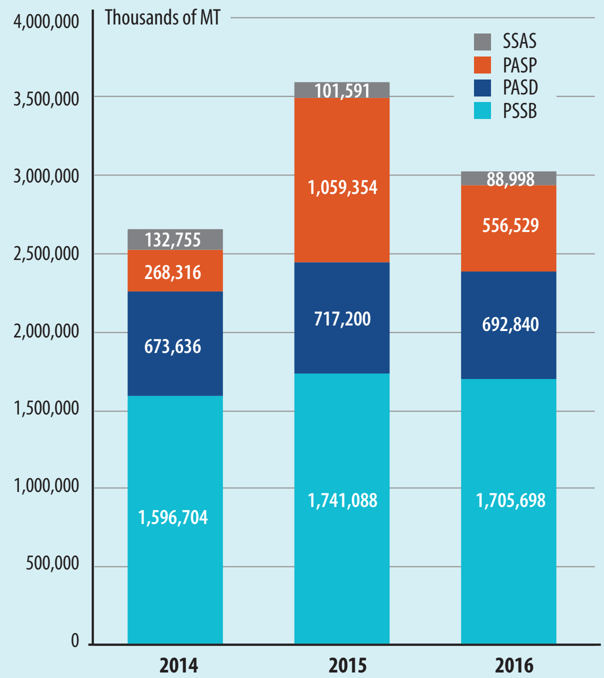
As can be noted from Figure 9, the allocation for PSSB, PASD and SSAS has remained within similar parameters over the past three years. 2016 represents for all of them a reduction in the funds allocated, with the greatest impact on the PASP, the programme which concentrates the greatest fall in allocation, undergoing a reduction of around 47% in nominal terms when compared with 2015.

FIGURE 8 Beneficiary households covered by the INAS programmes



Source: PES 2011-2016.

FIGURE 9 Allocation by program 2014-2016



Source: CGE 2014; LOE 2015, 2016

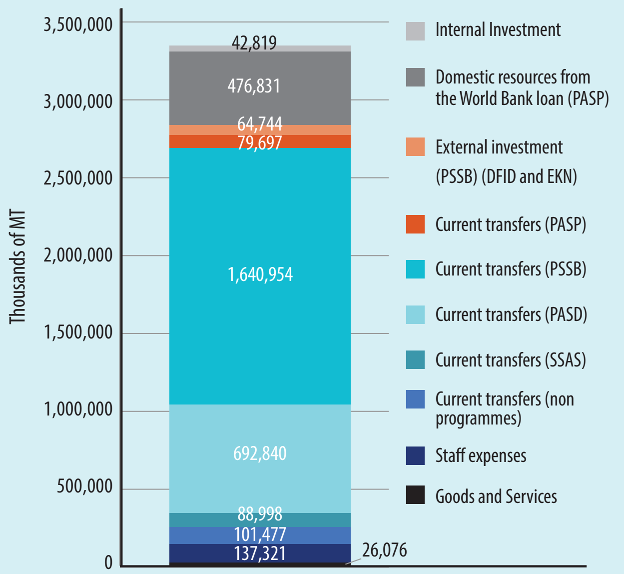
19) The 2015 PES, as finally approved, stated that 466,063 beneficiaries were to be attended to, rather than the more ambitious initial proposal (not approved) for 2015, of around 535,000.

Photo: ©UNICEF/Mozambique

5.2 STRUCTURE/ COMPONENTS OF INAS EXPENDITURE

In Figure 10 one can note in detail the composition of the allocation earmarked to the INAS in the 2016 LOE, which adds up to the 3,481,878,000 MT already mentioned.

FIGURE 10 Components of INAS 2016 expenditure



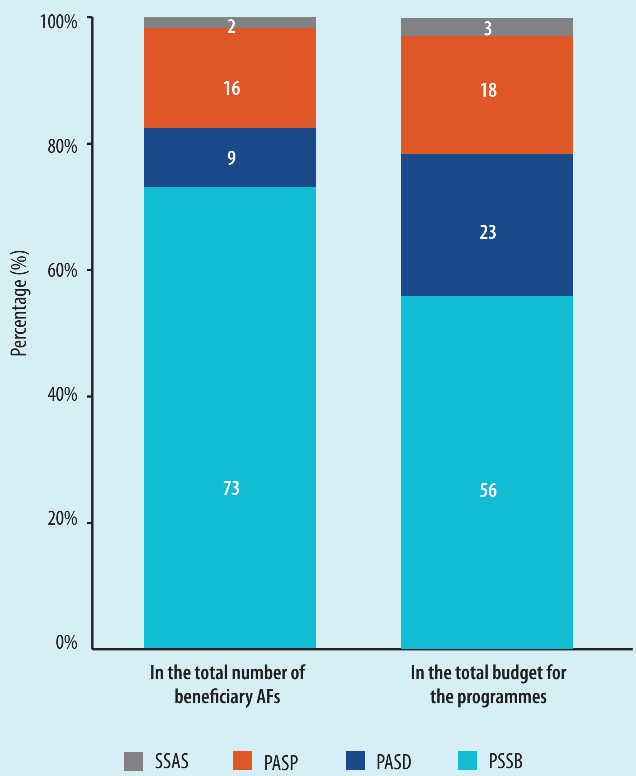
The **PSSB** remains the largest INAS programme in terms of the resources made available, amounting to approximately **56%** of the resources allocated to all the INAS social protection programmes, followed by **PASD (23%)**, **PASP (18%)** and finally **SSAS (3%)**.

In terms of the number of households covered by each programme, the **PSSB** (which receives 56% of the resources allocated for INAS programmes) will cover **73%** of the total number of beneficiaries forecast for 2016, followed by **PASP (16%)**, **PASD (9%)** and **SSAS (2%)** (See Figure 11).

2% of the resources allocated to INAS for 2016 are of external origin, confirming the declining trend noted since 2011, when the external component accounted for 21.6% of the total allocated to the INAS.

In the case of PASD, it is important to mention that this programme includes several types of benefit, framed within two main forms of support: i) prolonged support (food kit) and ii) specific support. The "specific support" component includes, among others, the component of "**house building**", which creates an important beneficiaries/budget distortion within the PASD programme, since **only 60 households (0.13% of the beneficiaries envisaged to be reached through PASD in 2016)** throughout the country will benefit from this component[20], but the **construction of these 60 houses will consume more than 4% of the resources allocated to PASD as a whole**. In the amendment of the 2016 OE, the PASD house building component (estimated at 30 million MT a year) might have been one of the components sacrificed in the cuts that the INAS suffered (269 million MT), as well as the failure to revise the value of the subsidies due to the rate of inflation recorded, since the number of beneficiaries forecast to be reached in 2016 remained the same, according to the PES. The level of detail in the LOE and its accompanying charts do not make it possible to confirm this point.

FIGURE 11 INAS Programmes: percentage of the total number of beneficiaries in each programme and weight of each programme in the total budget



Source: LOE 2016

20) PES of INAS, 2015.

The resources allocated to INAS for "Staff costs" and for "Goods and Services" in 2016 remains extremely low, which puts at risk the capacity to implement the INAS programmes.

Photo: ©UNICEF/Mozambique

5.3 INTERNAL VS EXTERNAL RESOURCES

Of the envelope of resources allocated to the INAS in 2016 (3.482 billion MT), only **1.8%** (64 million MT) are of external origin. As mentioned earlier, the funds allocated to the PASP originating in a loan from the World Bank (WB) of USD 50 million, under an agreement signed with the Mozambican government in 2013, although referred to in the LOE as "foreign investment", should be considered as internal (domestic) resources of the State, since the debt to the WB implies returning the funds loaned, plus the respective interest.

Only DFID and the EKN have made external funds available directly to the Social Action sub-sector, through the Single Treasury Account (CUT), in this case to support the monetary transfers distributed through the PSSB. The sum deposited in the OE in 2016 by DFID and EKN was about 64 million MT, confirming a declining trend in the weight of foreign support directly channelled through the CUT, as observed in recent years.

It is important to mention that the Social Action sub-sector benefits from external support from various national and international partners (ILO, UNICEF, WFP, etc.), in terms of technical and financial support for the development of various components of the Basic Social Protection System in Mozambique, but this support in not included in the LOE nor are the funds transferred to INAS/MGCAS, and so they are not quantified in this document.

5.4 EXPENDITURE ON STAFF AND ON GOODS AND SERVICES

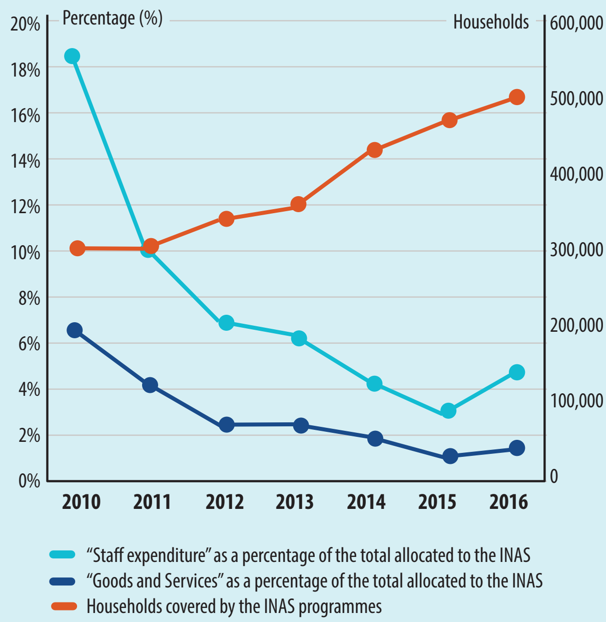
The resources allocated to the INAS for recurrent costs ("*Staff Expenditure*" and "*Goods and Services*") remain very low in 2016, as has been the case in recent years. The slice of the total INAS budget earmarked for wages fell from 20% in 2009 to 4.72% in 2016 (164 million MT).

It is becoming urgent to deal with this limitation in terms of the skilled human resources available for INAS, since this fact has an impact on the performance of the Sub-Sector and thus on the capacity of the Sub-Sector to mobilise more resources of the OE in the coming years. It is necessary to increase the allocation for staff and make it possible to recruit new staff to avoid poor performance by the sub-sector, in line with the recommendations of ENSSB 2016-2024 on strengthening human resources (axis 4).

Likewise, the budget for "*Goods and Services*" (current expenditure to cover costs of transport, maintenance of vehicles, etc.) accounts for only **1.33% of the total budget allocated to INAS**, and has undergone constant reductions year after year (in 2009 this budget line had an allocation of 10.8% of the total intended for INAS). This results in serious constraints on the ground (in the INAS delegations), resulting in low capacity to perform and to provide services to the most vulnerable strata of the population.

One notes a softening of the trend to decline in the allocation to these two components of INAS expenditure when compared with previous years (in 2016 there is a slight recovery of their relative weight in the sum allocated to the INAS), but this remains far below adequate amounts, and it is necessary to boost the budget for these two components (Figure 12).

FIGURE 12 Evolution of the weight of expenditure on staff and on goods and services among the total allocated to INAS



Source: CGE 2010-2011, LOE 2012-2014, LOE 2015


Photo: ©UNICEF/Mozambique

75% of the poor and vulnerable households is the National Development Strategy target for basic social protection by 2035.

5.5 ALIGNMENT WITH ENSSB 2016-2024, PQG AND STRATEGIC DOCUMENTS

The targets laid down in the ambitious **ENSSB 2016-2024**, approved in the Ordinary Meeting of the Council of Ministers on 23 February 2016, with which the sector has been endowed to define the guidelines for basic social protection, will require a heavy investment in the budgetary allocation for the sub-sector in the coming years in order to reach the objectives contained within it and to comply with the undertakings given. It is necessary to prioritise the relative weight that the sub-sector should have in succeeding years in terms of the OE and GDP, since under the targets laid down, **in 2024, 2.23% of the GDP should go towards covering the costs of the various social protection programmes. For comparison, in 2016 only 0.44% of the GDP was allocated to this**. Likewise, ENSSB 2016-2024 contains clear recommendations on strengthening human resources.

The **Government Five Year Programme (PQG) 2015-2019**, the document that will guide the various actions of the government in the 2015-2019 period, mentions the target of covering, by 2019, **25% of the households in a situation of vulnerability**, starting from the estimated 15% who are currently attended to. Likewise, the "***National Development Strategy (ENDE) 2015-2035***", published in July 2014, sets the target of, **by 2035, ensuring that about 75% of the poor and vulnerable households are benefiting from basic social protection.**

To attain these ambitious goals, set down in the two main medium and long term strategic documents drawn up by the Government, the allocations to the various Basic Social Protection programmes must continue to grow in a constant manner over the coming years.

The challenges of modernising the systems to manage the beneficiaries, terciarisation of the payment mechanisms, re-registering the current beneficiaries, etc., procedures which are currently under way, will also require heavy investment in the coming years, as well as a significant strengthening of the human resources which the sector will need in order to reach the goals and targets defined.

FIGURE 13 Per capita allocation (PSSB + PASD + PASP + SSAS) among the poor population by province 2016

Province	Allocation (10^3 MT) according to 2016 LOE (PSSB+PASD+PASP+SSAS)	Poor population (Individuals) (Poverty incidence index, MPD)	Per capita allocation (MT) in the poor population in 2016
Maputo City	105,131	449,495	234
Maputo Province	100,640	1,117,338	90
Gaza	312,305	885,506	353
Inhambane	155,596	868,198	179
Manica	254,572	1,065,371	239
Sofala	250,743	1,188,232	211
Tete	285,249	1,057,326	270
Zambézia	437,564	3,385,667	129
Nampula	509,114	2,739,810	186
Niassa	242,772	528,553	459
Cabo Delgado	229,569	708,040	324
TOTAL	**2,883,255**	**14,043,769**	**205 (National average)**

Source: Authors' own calculations, based on LOE 2016 and the Third National Poverty Assessment, MPD 2010

205 MT

is the national average of the subsidy allocated to each person living in poverty for 2016. Zambézia, Nampula, Inhambane and Maputo Provinces do receive lower than the national average.

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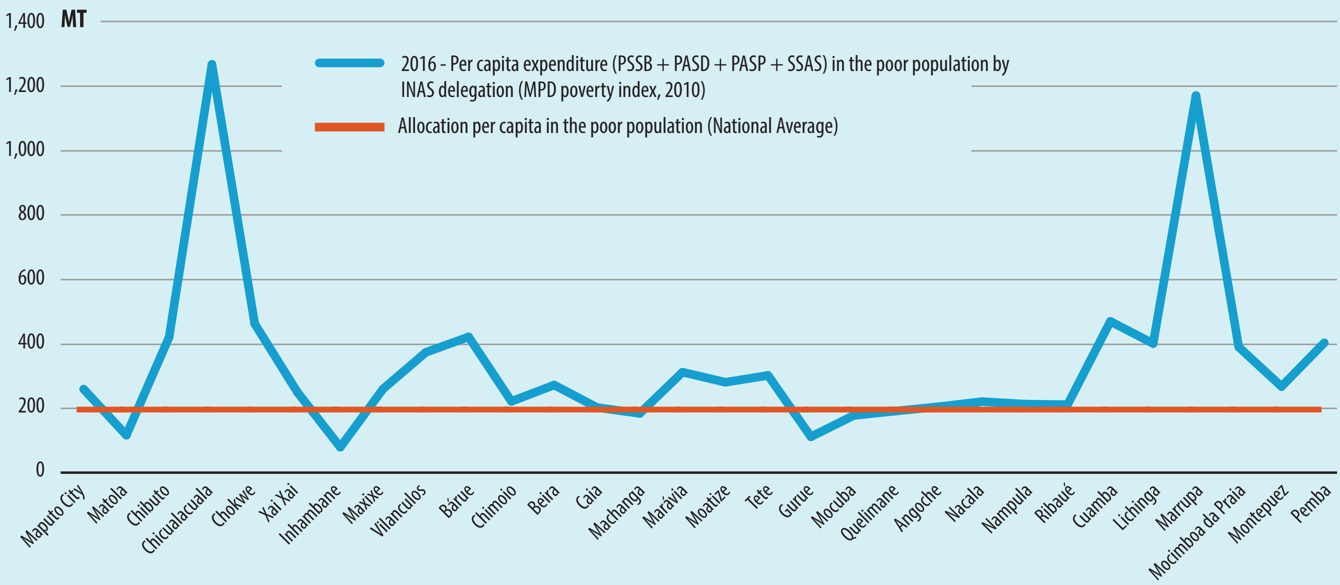
5.6. GEOGRAPHICAL ANALYSIS

INAS has tried to reduce the disparities noted in the geographical distribution of the resources allocated to the four Social Protection programmes (PSSB, PASD, PASP, SSAS). To this end, the INAS has introduced objective criteria in defining target numbers of beneficiaries per delegation, using demographic and poverty indicators. However, there still remain substantial differences between provinces with regard to the per capita allocation of these resources, bearing in mind the estimated poor population[21], which could be considered the universe of potential beneficiaries of the Basic Social Protection Programmes.

Thus Zambézia, Nampula, Inhambane and Maputo Provinces will receive, channelled through the four Basic Social Protection programmes managed by the INAS in 2016, an annual per capita allocation (considering the estimated poor population) that is lower than the national average, which will be **205 MT** per person living in poverty for the entire year of 2016.

The unequal geographical distribution of the resources allocated to the various Basic Social Protection programmes, taking into account per capita allocation in the poor population[22], is shown in Figure 14, which shows allocations per delegation[23].

FIGURE 14 Per capita allocation (PSSB+PASD+PASP+SSAS) in the poor population per INAS delegation, 2016



Source: *LOE 2016, PES of INAS 2016, Census 2007 (INE) and population projections of INE for 2016, Third National Poverty Assessment (MPD, 2010).*

21) Considering the level of incidence of poverty *(Third National Poverty Assessment,* Ministry of Planning and Development (MPD), 2010, and the demographic projections drawn up by the INE for 2016, by district

22) Considering the Index of incidence of poverty (Third National Poverty Assessment, Ministry of Planning and Development (MPD), 2010).

23) The calculations were made by considering the demographic data referring to the districts covered by each of the 30 INAS delegations (e.g., the Mocímboa da Praia delegation includes Palma, Muidumbe, Nangade and Mueda districts). See *"Distribuição da área de jurisdição/Distritos por Delegação",* INAS.

It would be desirable that the future, gradual expansion of the coverage of the various social protection programmes managed by INAS be planned by observing demographic and well-being indicators, seeking to increase still further the impact of their intervention on the poorest and most vulnerable strata of the Mozambican population.

Photo: ©UNICEF/Mozambique

Thus, for all of 2016, the Chicualacuala delegation, for example, will have the funds to cover the costs of the various social protection programmes that would be equivalent to almost **1,246 MT** for each of the inhabitants considered poor living in the districts covered by that INAS delegation, while, at the other extreme, the Gurúe delegation, in Zambézia, has received an allocation equivalent to **85 MT** per capita, although it covers over a million people estimated as poor. This disparity has also been observed in previous years. It is hoped that the new INAS Information Management System (e-INAS), which should be operational in 2017, might help INAS plan and distribute its resources better, making management more efficient and enabling greater impact of the monetary transfers on the vulnerable population, and significantly improving the monitoring systems.

Acronyms

AF	Household (Agregado Familiar)
CGE	General State Account
CUT	Single Treasury Account
DFID	Department for International Development UK
DNO	National Budget Directorate
EKN	Embassy of the Kingdom of the Netherlands
ENDE	National Development Strategy
ENSSB	National Basic Social Security Strategy
FMI	International Monetary Fund
INAS	National Social Action Institute
INE	National Statistics Institute
LOE	State Budget Law
MGCAS	Ministry of Gender, Children and Social Action
MPD	Ministry of Planning and Development
MT	Metical
OE	State Budget
PASD	Direct Social Action Programme
PASP	Productive Social Action Programme
PES	Economic and Social Plan
GDP	Gross Domestic Product
PQG	Government Five Year Programme
PSSB	Basic Social Subsidy Programme
SS	Social Subsidies
SSAS	Social Action Social Services
WB	World Bank

Glossary of budget terms

Initial Allocation: The first allocation of funds approved by Parliament

Revised Initial Allocation: An amended allocation of funds approved by Parliament

Updated Allocation: Total funds placed at the disposal of a particular institution

Expenditure: Funds allocated spent on investment, services and health products

Budget Execution: Funds spent as a percentage of the total allocation of funds.

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