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ANALYSIS OF INEQUALITIES IN  
THE ALLOCATION OF BUDGETARY  
RESOURCES TO SOCIAL SECTORS:  
FOCUS ON THE HEALTH SECTOR





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## ACRONYMS AND ABBREVIATIONS

**PES** – Economic and Social Plan

**PESOE** – Economic and Social Plan and State Budget

**OE** – State Budget

**CGE** – General State Account

**IMF** – International Monetary Fund

**PRE** – Economic Rehabilitation Programme

**MISAU** – Ministry of Health

**ROE** – Budget Execution Report

## EXECUTIVE SUMMARY

This study analyses inequalities in the allocation of State financial resources in the social sectors, focusing on the health sector, in a context of a downward trend in the budget share and a reduction in external financing as well as a more generalised fiscal crisis, with implications for the allocation of resources to the sector.

In this context, the study proposes a basis for analysing the political economy of the budgetary process in Mozambique, going beyond conventional analyses of the budgetary process, which focus on the institutional dynamics, rules, regulations, and actors that govern it.

With regard to the analysis of inequalities in the allocation of budgetary resources in the health sector, the study shows that disparities have persisted over recent years, especially when compared to the education sector. These disparities extend to the territorial distribution of budgetary resources, including in relation to different components of expenditure in the sector, namely operating expenditure, investment, and medicines.

The study recommends:

- (i) looking at the dynamics of resource allocation in the social sectors within an analytical framework of the dominant economic structures and patterns of accumulation, the interests surrounding these patterns of accumulation, and how they affect and structure the budgetary process;
- (ii) aligning resource allocation strategies across sectors with national development priorities, taking into account the contradictions inherent in the mode of accumulation and how these contradictions limit the pursuit of these priorities;
- (iii) ensuring that resource allocation to the health sector, while based on logical criteria, also considers local social dynamics and how these dynamics can enable activities inherent to the health sector;
- (iv) reversing the trend of declining resource allocation to the health sector, given its implications for access to and availability of basic health services that are fundamental to human development;

- (v) allocating an increasing proportion of the State Budget to the health sector, meeting at least the 15% target set out in the Abuja Declaration;
- (vi) Increasing the involvement of different health sector stakeholders in defining priorities for resource allocation;
- (vii) addressing the structural problems of the economy that generate cyclical budget crises, rather than making somewhat unfair cuts in a sector that is so fundamental to social survival, including the economy in particular, as health is a key factor in economic productivity, especially in the context of a discourse supporting economic and social transformation.
- (viii) achieving a better balance between basic social needs and the constraints imposed by fiscal consolidation.



# 1. INTRODUCTION

The State Budget (OE) is a fundamental instrument for the implementation of a wide range of economic, political, cultural, and social processes that take place in the State and in society. These processes, while occurring in and carried out by the State, are partially and systematically framed within an annual government plan which, in theory, reflects a medium-term government programme and vision. Technically, the State Budget represents the financial expression of the Government’s economic and social plan for a given fiscal year. In addition, it is part of what is known as the budgetary process, which begins with its planning and ends with its execution. In Mozambique, together with the economic and social plan (PES), they form the Economic and Social Plan and State Budget (PESOE). The PESOE is a planning instrument that defines the State’s macroeconomic, social and fiscal objectives and targets, projects public expenditure, including its allocation across different sectors, revenue collection, and the mechanisms and sources of financing the fiscal deficit for a given year.

Over the last few decades, Mozambique’s budgetary situation has become increasingly worrying, with successive budgetary crises accompanied by periods of social instability. These budget crises have been characterised by a weak capacity to mobilise domestic and external resources, including a growing trend towards reduced external aid and increasing public debt, which affects the State’s ability to meet its expenditure, particularly investments in social sectors, causing continued social instability. In the midst of various economic reforms, including of the tax system, which followed a decade and a half (2000-2014) of relative ‘economic success’, challenges remain in mobilising resources, with implications for the State’s ability to finance the country’s broader economic and social development.

Social sectors such as health and education, which are considered priorities, face ongoing funding crises, with difficulties in acquiring goods and services essential to their functioning, including the recruitment of personnel. This trend can be observed in the pattern of resource allocation to social sectors, particularly the health sector, which has consistently been less favoured in the allocation of budgetary resources in recent years. This trend is exacerbated by the reduction in foreign aid, which for many years was one of the main sources of funding for the sector.

An analysis of the PESOE 2026 proposal for the health sector shows this trend. In absolute terms, it forecasts a nominal reduction in the budget of around 5%, from 51.7 billion meticaís in 2025 to 48.9 billion meticaís in 2026. In relative terms, excluding General State Charges (EGE), the share of total public expenditure allocated to health decreases from 15.1% in 2025 to 13.1% in 2026 (OCS 2025).

This study is conducted in the context of a downward trend in the allocation of budgetary resources to the health sector. Its objective is to analyse inequalities in the allocation of budgetary resources to social sectors, with a special focus on the health sector. The purpose of the study is to produce recommendations for the Assembly of the Republic, the Government, Civil Society, and development partners.

The study is divided into four sections, including the introduction. The second section seeks, based on the literature, to provide a basis for a political economy analysis of budgeting in Mozambique that goes beyond the conventional analyses that have dominated studies on budgeting in Mozambique. The section does not intend to provide a comprehensive study of the political economy of the budget, given the time and space constraints imposed by the scope of this study. However, it attempts to show how the budgetary process should be viewed within a broader framework of analysing the social and economic dynamics in the country and its essential characteristics, including patterns of economic accumulation and their contradictions. This analysis and political economy perspective can provide, in part, fundamental analytical elements for understanding the dynamics of financial resource distribution to social sectors and their contradictions. The third section analyses inequalities in the allocation of budgetary resources to social sectors, seeking to understand the criteria for allocation and trends in concentration at provincial and district levels. The fourth section presents the conclusions and outlines some policy implications.

## 2. POLITICAL ECONOMY OF BUDGETING IN MOZAMBIQUE

In the previous section, we presented the context that frames this study, whose objective is to analyse inequalities in the allocation of financial resources to social sectors, with a special focus on the health sector. Drawing on the literature, this section seeks to provide a basis for analysing the political economy of budgeting in Mozambique, going beyond the ‘conventional’ analyses that have dominated studies on budgeting in the country. Some studies present and analyse critical elements of the budgetary process, with an emphasis on the institutional and regulatory framework, its key actors, and the relationships surrounding it. Others tend to focus their analysis on the degree of budgetary efficiency, effectiveness and credibility. These are measured by the capacity to execute the State Budget at different levels and scales, across its expenditure and revenue components, and by strict compliance with the limits imposed by budgetary laws and regulations. Although these elements of budgetary analysis are relevant, the economic, political, and social class processes – including their interactions and contradictions – that structure budgetary decisions are little explored. This tendency is also visible in various analyses of budgetary resource allocation in different sectors carried out by civil society organisations. In addition to reflecting limitations in the analytical frameworks adopted, it reflects specific institutional interests linked to issues of transparency and accountability. These analytical limitations and institutional interests surrounding the budgetary process make a class-based analysis of budgetary processes a necessary exercise.

In this context, the political economy perspective proposed in this study approaches budgeting as a process that reflects class struggles (as well as other factors) over the various processes involved in State activities, in the context of a capitalist society developing under specific historical conditions. This political economy perspective on the budgetary process is consistent with the Marxist approach to political economy (Marx 1973, 1976) and is based on a Marxist theory of the capitalist State, which will be briefly presented later in this section.

### 2.1. A study on the political economy of the budgetary process in Mozambique

Studying the political economy of the budgetary process in Mozambique is challenging, given the complexity of the processes and relationships surrounding the activities, actors, and actions that characterise it. From an institutional or formal perspective, these activities include planning and preparation by the executive, discussion and approval of the State Budget proposal by the Assembly of the Republic, its publication as law in the Official Gazette, and its execution and evaluation by the competent bodies, including at the executive and legislative levels. Throughout these processes, there is a set of agents and connections that reflect class interests and struggles in specific historical conditions. These agents and connections and their relationships have generally received little attention in ‘conventional’ studies of the budgetary process. Understanding the nature of these agents and connections, their relationships, and the conditions of class struggle that characterise them is fundamental. This understanding ensures that the analysis of the budgetary process is not merely a technical exercise limited to observing and assessing compliance with institutional rules and regulations, including the social limits imposed by these rules and regulations.

A political economy approach is necessary to understand the various social, economic, and political dynamics that structure the budgetary process around it. Logically, such a political economy approach cannot discuss all the dynamics surrounding the budgetary process at different levels and scales of analysis. A relatively complete analysis of these dynamics would require a long and complex exercise, which would fall outside the scope of this study, given its limitations. A study of this analytical dimension is particularly necessary, especially in the context of the growing budgetary crisis and social instability that the country has been experiencing since the second half of the last decade. This budgetary crisis and social instability are the result of the economic policies and choices of recent decades. These economic choices include the various models of accumulation that the country has adopted and the crises and social instabilities associated with these models, including the dominant neoliberal responses to solving these crises.

In Mozambique, over the last few decades, few studies on the political economy of the budgetary process have been carried out. Of particular note is the book by Tony Hodges and Roberto Tibana, “Economia Política do Orçamento em Moçambique” (Political Economy of the Budget in Mozambique) (Hodges & Tibana 2005)<sup>1</sup>, which presents and analyses a set of critical issues concerning the budgetary process in Mozambique. Based on a critical analysis of the trends in studies carried out to date, the book suggests that many studies on budgeting in Mozambique have focused their attention on the technical aspects of the budgetary system. This trend, the authors argue, was motivated by the requirements imposed by donors, who for many years were engaged in budget support and technical assistance to improve the budgetary system in the country. In general, this ‘technical’ trend prevails in the current context, even with the reduction in budget support from donors, who, alongside multilateral financial institutions such as the World Bank and the IMF, are central actors and stakeholders in the budgetary process. These multilateral institutions, the IMF in particular, continue to play an important role in economic reforms, particularly in public finances and the public sector in general, with implications for budgetary processes, including the allocation of financial resources at various levels of public administration and expenditure.

The focus on technical aspects is also evident in some studies, especially on budgetary credibility (Mambo and Santos 2024). Although these studies provide important insights into whether or not budgetary targets are met, including levels of budget execution and potential discrepancies and deviations in the use of budgetary resources, they do little to examine the underlying causes of these problems. They limit themselves to issues of transparency (which is no less important) in budget execution. How these deviations are part of broader processes and relationships at the level of various social structures and the State, in particular, is rarely discussed.

Hodges and Tibana argued that, while these ‘technical’ studies are relevant, a political economy analysis would have to go beyond these technical aspects. To do so, it would be necessary to broaden the scope of analysis to include broader dimensions of the institutional framework and the interests and capacities of the stakeholders directly or indirectly involved in the budgetary process. With regard to the institutional framework, they point out that the budgetary process is carried out within an institutional framework of constraints and incentives, which are the rules that determine

how the budgetary game is played. These constraints and incentives, according to the authors, limit what different stakeholders can do in the process, motivating them to adopt certain types of behaviour. Added to these constraints and incentives are the fragmented and incremental nature of the budgetary process, the role of donors as the government’s main interlocutors, and the (relative) weakness of internal demands, particularly through parliament and civil society, for improved public finance management.

The fragmented and incremental nature of the budgetary process points to high levels of dispersion in planning and resource allocation, mainly related to the diversity of funds in a context where there is no unified budget, and where the finance and planning sector play an important role. Hodges and Tibana also point to the problem that, in priority sectors such as health and education, financial assistance from donors often exceeds the resources made available through the State Budget. Until recently, this was the case and may continue to be so in some components of health expenditure, despite the trend towards a reduction in external aid in this sector. One problem identified at the time was that, with regard to the State Budget itself, the budget was formulated only minimally on the basis of political objectives and priorities, and that the only targets guiding its formulation were those agreed with the IMF on the broad fiscal aggregates. These issues raised by the authors two decades ago remain evident in the current context, albeit perhaps to a lesser extent. For example, dependence on external financial assistance through specific programmes persist, as does the role of the IMF in setting aggregate fiscal and monetary targets, including economic growth targets. A current example of this is the IMF’s continued insistence on relatively stricter fiscal consolidation over the last decade, particularly after the discovery of hidden debts. Essentially, the IMF’s role in determining targets for economic indicators in Mozambique and, to a certain extent, in influencing the budgetary process is quite notable.<sup>2</sup>

Although foreign aid is central to the process of economic growth and institutional development, its incentives are seen as factors that, in some ways, deepen institutional weaknesses. The argument behind this assertion is that traditional project assistance has fragmented government planning, budgeting, and management. This fragmentation is explained by the fact that projects are negotiated between donors and sectoral ministries or individual directorates, weakening the authority of the Ministry of Planning and Finance vis-à-vis

<sup>1</sup> This study uses the final version of the 2004 English manuscript (Hodges and Tibana 2004), which is publicly available on the webpage of one of the authors. For this reason, several passages in this section reproduce excerpts from this manuscript, which is duly referenced.

<sup>2</sup> Very recently, the IMF requested that the Government of Mozambique review the macroeconomic targets set in the latest PESOE proposal for 2026. According to the Government, the change was intended to incorporate the latest developments in the domestic macroeconomic context, which dictated a revision of economic growth projections, tax revenue collection dynamics, and adjustment of the main budgetary variables.

sectoral ministries, which also undermines the executive's accountability to parliament. In addition, it should be noted that direct access by sectoral ministries to donor resources reduces the incentive for the government as a whole to engage in difficult debates on resource allocation.

With regard to weak domestic pressure, there is a contrast between the strong influence of donors and the domestic demands and pressures placed on the executive from society, including parliament, which plays an important role in approving the State Budget in a multiparty system. In this context, parliament's ability to scrutinise the executive in the budgetary process has been limited. In addition to capacity constraints and the polarised nature of inter-party relations in parliament, there are problems with the poor presentation of the budget document, making it somewhat difficult for members of parliament to understand and analyse it. Interestingly, this problem persists today, even with the increased number of parties represented in parliament. At times, the PESOE document is submitted to the Assembly of the Republic for consideration by members of parliament from different parties with very little time for review before approval. Not only is the limited technical capacity of members of parliament to understand the PESOE document a problem, but so too is the limited time available for its review before the plenary debate for its approval. In practice, because of the composition of the Mozambican parliament, the PESOE document is always approved by the majority vote, which coincidentally is the ruling party. This has been the case since the establishment of multiparty democracy in the country. Opposition members of parliament almost invariably vote against the approval of the budget document. This trend also extends to the presentation of the General State Account (CGE) in parliament. A particularly interesting case a few years ago was the inclusion of the EMATUM, MAM and Proindicus debts in the CGE for 2014 and 2015, respectively. Even after these debts were declared unconstitutional by the Constitutional Council, the government continued to repay the EMATUM debt. This act clearly showed the government's concern to serve the international financial markets in alliance with domestic capital, as part of a strategy to form and consolidate national capitalist classes without access to financial capital.<sup>3</sup>

In their analysis of the political economy of the budget in Mozambique, Hodges and Tibana also consider the issue of the interests and capacities of key stakeholders, namely the executive, parliament and political parties, non-state actors, and donors. With regard to the executive, one of the arguments put forward is that the main interest of politicians involved in overseeing the budgetary process is to ensure the continued functioning of the State apparatus and the payment of salaries to civil servants, in a clear strategy to avoid the collapse of the public administration system, which could affect the government's image and credibility. Linking this aspect to the role of donors, external resources that supplement the domestic resource base and allow for the expansion of public services serve the interests of politicians, who need to be seen as responding to the concerns and needs of the population.

At the level of parliament and political parties, a particularly important point is that the budget government's budget proposal is not necessarily contested within the ruling party, which holds an absolute majority in parliament. Furthermore, the expected budget did not differ from the budgetary policy of FRELIMO, the ruling party. The only opposition party with a parliamentary seat at the time, RENAMO, opposed FRELIMO in the budget debate, but did not present any alternative or transformative policy proposals. This situation regarding the quality of opposition policy proposals continues to this day, even with the emergence of other parties with parliamentary representation, such as the MDM and, very recently, PODEMOS. This places the FRELIMO party at an advantage, as it has access to executive personnel, even though they have similar technical limitations in areas such as public finance. The opposition has little or no access to civil servants who can guide them in the budget debate, placing them at a disadvantage.

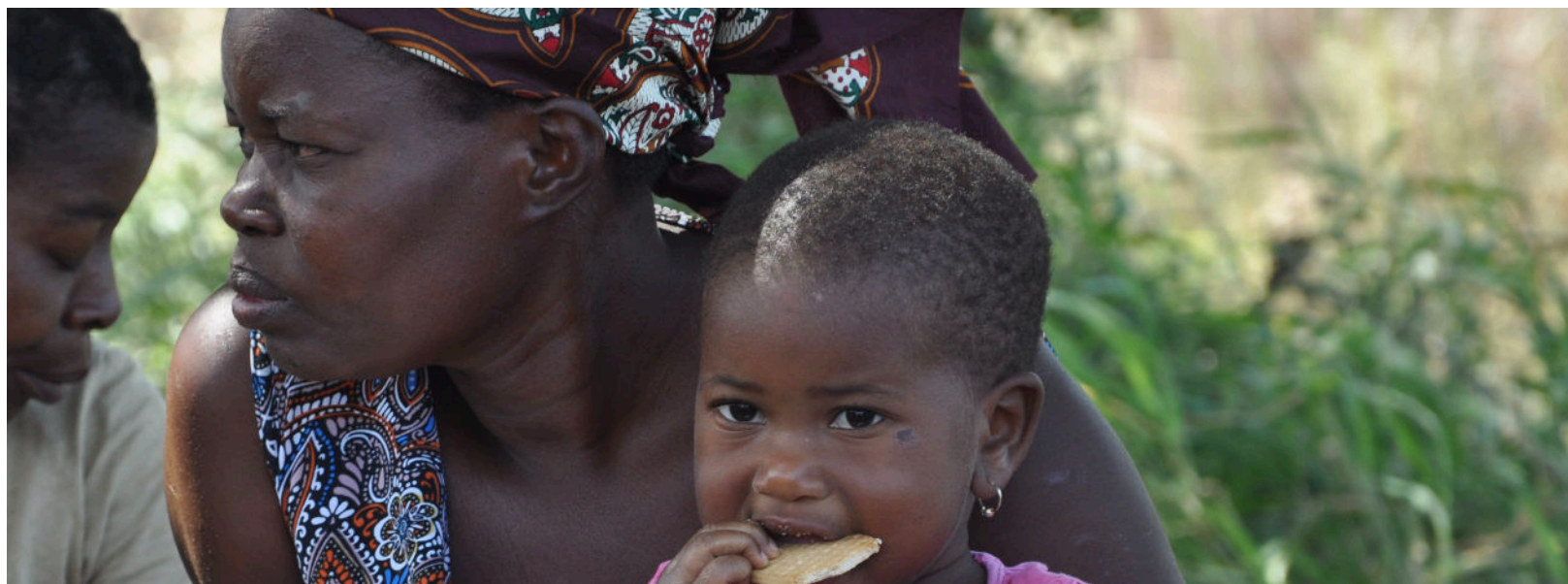
At the level of non-state actors, Hodges and Tibana highlight the fact that there were many factors contributing to the lack of interest in budgetary matters among civil society organisations (CSOs). These factors include the underdevelopment of the formal economy, with implications for the limited tax base; the fact that much of public expenditure was financed by foreign aid, making the budget seem less important than it normally would be; the small size of the private sector, together with clientelism as a tool for political survival, resulting in a small, politically concentrated and connected elite with little interest in developing and articulating political alternatives.

3. For a detailed analysis of the logic of the formation of national capitalist classes through public debt with international financial capital, see Castel-Branco (2022).

Finally, at the donor level, as key stakeholders in the budgetary process, Hodges and Tibana highlight the heterogeneity of their motivations, strategies, rules, and procedures. They argue that competition between donors prevented them from evolving from a project-based aid model to one based on pooled funds and general budget support. In addition, many donors had been influenced by a new concept of aid effectiveness that emphasised the importance of partnership, based on government commitment and leadership, and the use of government systems and procedures, supported by necessary reforms and capacity building.

Although the study is nearly two decades old, a significant portion of the issues raised remain relevant today, particularly the analysis of the institutional and legislative framework in which the budgetary process is potentially decided. Therefore, within the broader structural context of the budgetary process, which includes the structural characteristics of the economy, society and political system, and their historical evolution, two contextual elements are central to the analysis of the nature of the budgetary process. The first is the high dependence on foreign aid, a fact that has characterised the country over the last few decades, particularly since the end of the civil war. Although foreign aid has been and continues to be fundamental to the Mozambican economy, it is seen as central to the reinforcement of institutional weaknesses and

constraints. The second is the relative weakness of institutions. Together, these two elements limit the actions of the different stakeholders in the budgetary process, encouraging them to adopt certain types of behaviour. While Hodges and Tibana's analysis is particularly relevant for understanding some of the budgetary dynamics, it can be complemented by other political economy perspectives with implications for the analysis of the budgetary process. While important for understanding the technical and institutional processes of budgeting, this study does not aim to explain the institutional procedures and regulatory framework governing the preparation and execution of the budget. These technical issues are covered in various official documents, in particular the Planning and Budgeting Subsystem (SPO), contained in Law 14/2020 of 23 December, which establishes the principles and rules for the organisation and functioning of the State Financial Administration System (SISTAFE). The main objective of the discussion on the political economy of the budgetary process in this study is to offer a rationale for analysing these processes within a broad framework for understanding patterns of accumulation in the specific historical context of Mozambique. As Hodges and Tibana rightly argue, the structural characteristics of the economy, associated with its patterns of accumulation, have implications for the budgetary process and for the nature of the budget itself.





## 2.2. Foundations for a political economy perspective on the budgetary process in Mozambique

At the beginning of this section, we set out to provide a basis for analysing the political economy of the budgetary process in Mozambique. Our intention is for this perspective to go beyond the common analyses that have dominated studies on budgeting in the country at various levels. The study by Hodges and Tibana described above, in broad terms, points to contextual and structural elements of the institutional, legislative, economic, and social frameworks through which the budgetary process took place two decades ago. In this regard, there have been no substantial changes in the current context. The evolution of economic and social dynamics over the last two decades, including the increasingly active and participatory role of civil society in domestic demands and of other stakeholders outside the state, may have improved the process in some respects. The political economy perspective of the budgetary process presented in Hodges and Tibana is fundamental, especially from the point of view of institutional analysis and the relationships that develop within it. However, it is useful to consider other perspectives.

In this context, we proposed that, from our political economy perspective, the budgetary process reflects class struggles (as well as non-class struggles) within the broader set of processes that take place in and are carried out by the State as a social institution. The political economy perspective of the budgetary process proposed here is consistent with the Marxist approach to political economy and is based on a Marxist theory of the 'capitalist state'. Given the limits and scope of this study, including the nature of the target audience, it is not our intention to present a detailed analysis of Marxist theory on the capitalist state, despite its relevance for understanding the various processes taking place within the State, of which the budgetary process is only one. Such an analysis would be aimed at a more specialised audience. However, within these limitations, a brief, clear, and simple presentation of some critical elements of the theory is necessary. This presentation should allow us to construct, albeit in a preliminary way, the political economy perspective on the budgetary process that we set out to develop. This perspective may be useful for understanding some of the fundamental dynamics that structure budgetary decisions and their implications for the transformation of society, including the State and its contradictions.

### 2.2.1. Marxist theory of the capitalist state and its implications for the analysis of the budgetary process

According to the Marxist theory of the state developed by Resnick and Wolff (1987), 'the capitalist state is a place in society', constituted by different class and non-class-based processes. In this social place that is the State, as in other social places, these different processes interact with each other, generating a set of superdetermined and therefore constantly changing contradictions. The State is a social place where various and different types of natural, political, economic, and cultural processes occur, and whose interaction generates contradictions. For example, the State, in carrying out certain political, economic, and cultural processes, establishes rules of social behaviour, generally by enacting laws and public policies that determine, for example, the public finance system, personal and corporate taxation systems and regulations, and regulates business activities, including its own.

This analysis is based on the premise that there is a fundamental class process, which structures and is structured by the various types of processes carried out in and by the State. This fundamental class process, which in the current context is determined by the development of capitalism on a global scale, has its origins in specific historical conditions. The State, as a social locus, is where processes that reproduce this fundamental class process occur, including the subordinate classes in their different forms and contradictions. The State Budget, and the budgetary process in general, are a fundamental part of the reproduction of this fundamental class process, and the State is, in some way, seen as responding to interests surrounding the reproduction of this process (Resnick and Wolff 1987).

This process and others taking place within the state, as well as outside it, have their contradictions, resulting from class struggles around the budgetary process. For example, changes in each category of revenue and expenditure are partly the result of the various influences exerted by individual and institutional stakeholders occupying different classes around the fundamental class process within and outside the State. Furthermore, such stakeholders, occupying different classes around the fundamental class process, are likely to form complex alliances with each other to achieve particular expenditure and taxation programmes, with implications for the budgetary process and the ability of the budget to respond to broader social development dynamics. Even with these alliances and compromises, struggles may emerge within and outside the State over the distribution of taxes paid and expenditures received by these different social groups (Resnick and Wolff 1987). Under specific historical conditions, it is possible for these struggles to occur at the level of the State, when the class structure expands to include revenues collected and expenditures made to sustain different forms of the fundamental class process. One implication is that the State must simultaneously guarantee the conditions for the existence of radically different and potentially contradictory forms of the fundamental class process. The implication of this analysis for the budgetary process is that, even if it follows relatively rigid institutional and legal frameworks, it is not exempt from class struggle surrounding the fundamental dynamics of the fundamental class process, specifically, the dynamics of capitalist accumulation and its continued reproduction.

## 2.2.2. Fundamental class process and implications for the budget process in Mozambique

How can the principle of the fundamental class process, as a starting point for understanding the (capitalist) State and its processes, be applied to the analysis of the political economy of the budgetary process in Mozambique? The principle of the fundamental class process explained above suggests that there are specific historical conditions in which it emerges and develops, including its subordinate classes, which develop within the State (state officials and agents, including senior officials and their subordinates at various levels) and outside the State (private sector managers and workers, national companies and multinational corporations, as well as multilateral organisations and international partners, including donors, among others).

In the particular case of Mozambique, the current fundamental class process must be seen in the context of the development of national capitalism, which began in the mid-1980s, immediately following the structural adjustment programme, the Economic Rehabilitation Programme (PRE), in its Mozambican version. In the context of public finances, the current dynamics of budgeting and the budgetary process in general, at least from an ideological and technical perspective, have their 'modern' origins in this period.

However, the decision to develop national capitalism was made in a context in which colonial patterns prevailed, characterised by: dependence on exports of primary commodities; dependence on imports of capital goods, raw materials, and consumer goods; a small and less dynamic domestic market; a predominantly informal labour market, characterised by seasonal and precarious employment patterns and low wages (below the costs of reproducing the labour force), partially or totally compensated by small family production for consumption and for the market. These characteristics of accumulation patterns, which continue to prevail today on a larger scale, have resulted in a narrow and dependent productive structure, with direct implications for the State's financial structures, particularly public revenues and options for financing economic and social development, with emphasis on health, education, and other social sectors.

In addition, the decision to develop national capitalism was made under specific macroeconomic conditions, namely: very limited access to credit, given the austerity policies (monetary and fiscal) imposed at the time; the need for State intervention to promote industrial policies in a context of liberalisation that presupposed the ‘withdrawal’ of the State; and the privatisation of public enterprises in an environment in which it was impossible for them to develop, given the first two macroeconomic conditions.

This initial process of promoting domestic capitalism created asset owners without the financial and technical capacity, or the industrial policies and institutions, necessary to use these assets productively. As a result, the already narrow productive base was further exacerbated, including the disappearance of a significant part of it, leading to the worsening of the structural problems of the economy mentioned above. Given these conditions and the impossibility of developing productive domestic capital, the solution found was to try to link national capital to foreign capital, in the hope that the latter could provide access to technology, finance, and other productive resources that national capitalism required to develop. In order to attract foreign capital and link it to national capital, the State made the country’s strategic export resources (for example, energy and minerals) available to foreign investors at low cost (Castel-Branco 2017, 2022) .

This process and the associated accumulation dynamics were made possible through a major commitment by the State, which was reflected on both the expenditure and revenue sides of the budget. On the expenditure side, the State guaranteed private debt and invested in infrastructure to enable extractive activities, in public-private partnerships, significantly increasing public expenditure. On the revenue side, the State granted tax incentives and concessioned large resource reserves at low cost to multinational capital, and privatised the ownership and/or management of public infrastructure, also at low cost. In this process, the State incurs losses, as it does not obtain substantial gains in terms of revenue. Furthermore, granting large reserves of resources at low cost means that the State loses access to these resources and their rents, and subsequently incurs debt to acquire stakes in large projects in order to gain access to these revenues. In this process, the State also assists national entrepreneurs in becoming shareholders and/or partners in large projects, which often operate more through political influence than through productive engagement. By following this practice,

the State transfers part of its shares to domestic capital at low cost, and the latter associates with foreign capital and subsequently derives income from rents.

It is important to understand that there is a combination of prevailing economic structures, the patterns of accumulation created on the basis of these structures, and the economic policies that support the viability of these patterns. This combination is directly and/or indirectly reflected in the State Budget and, consequently, in the possibilities for financing economic and social priorities. For example, the accelerated use of public debt to enable investment in the extractive economy (as a central part of the fundamental class process) creates sustainability problems. In this context, the State becomes unable to service the debt, first because of its structure, which becomes more commercial and less concessional, and second because of systematic delays in the start of resource exploitation, which are used to sell expectations of future profits. In addition, the public debt crisis raises other issues, including the need for repayment in a context of significantly increased public expenditure and slow revenue growth. In this situation, the State issues debt on the financial market, postponing the crisis to a later point, when the debt must be repaid with interest. As a result, the State falls into a debt trap, incurring debt to repay debt (Muianga 2025) . This process has been particularly evident in the current context of budgetary crisis, with debt service costs exceeding public expenditure in priority sectors such as health. CGE data for 2024 show that debt service expenditure amounted to 60,218 million meticaï, compared to 47,041 million meticaï in the health sector. Similarly, in 2023, debt service expenditure amounted to 51,553 million meticaï, compared to 48,564 million meticaï.

Another issue is the cyclical and structural impact on the domestic financial system. As public debt is sold in the financial system, the cyclical impact is a shortage of capital, which increases interest rates in the financial system. Structurally, the impact is reflected in the fact that the financial system becomes more speculative, which is evident given that around 80% transactions on the stock exchange correspond to public debt securities. In addition, transactions involving public debt constitute a major share of transactions in the domestic financial system (Muianga 2025) . The issue of domestic public debt is a critical aspect of the fundamental class process and the interests surrounding it, with implications for the budgetary process. In this sense, debt dynamics

included in the budgetary process are a central part of the fundamental class process and the emergence of national capitalist classes over the last decade. The case of hidden debts and the process that unfolded around them illustrates how class dynamics can structure budgetary processes and, consequently, affect expenditures considered priorities. This analysis can be extended to the case of domestic public debt, which has increased substantially since the beginning of the last decade.

As the State becomes highly indebted, it becomes the principal client of the domestic financial system, gradually absorbing an increased share of credit in the economy and becoming one of the main drivers of credit demand, in competition with the productive sector. Government demand for credit constrains access to credit for domestic capital, limiting its ability to invest in economic diversification and reducing the potential to expand the tax base required to finance public expenditure

in priority sectors. This may exacerbate the current social austerity, which has been reflected in cuts in social spending, transfers, and civil servants' salaries, which have grown below the rate of inflation over the last decade and a half, reducing their purchasing power.

This analysis of the emergence of a domestic capitalist class, its alliance with multinational capital, and the dynamics of external and domestic indebtedness is a critical element in the analysis of the dynamics of the fundamental class process and its direct and indirect implications for the budgetary process. Without more detailed research, it would be premature to attempt to describe and explain all the concrete class processes that occur within the State and influence or determine budgetary decisions. However, a set of questions and hypotheses can be formulated, taking into account several aspects.



### 3. ALLOCATION OF BUDGETARY RESOURCES IN THE HEALTH SECTOR

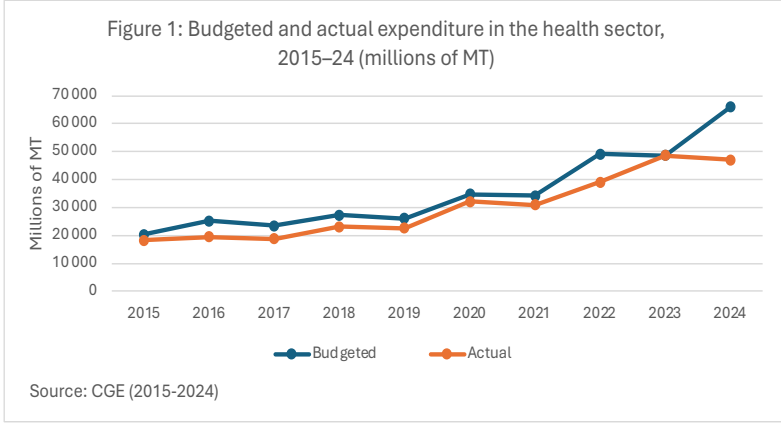
The previous section sought to provide the basis for a political economy perspective on budgeting, based on a Marxist political economy framework, in particular its theory of the capitalist state. Taking this perspective into account, it was argued that the budgetary process reflects class struggles (as well as non-class struggles) within the broader set of processes that take place in, and are carried out by, the State as a social institution. These class struggles around the budgetary process occur independently of the institutional, legal, and regulatory framework governing the process and influence the allocation of financial resources to a range of activities within and outside the State.

This section analyses inequalities in the allocation of budgetary resources in social sectors, focusing on the health sector, which, alongside education, is considered one of the priority sectors in the current governance framework. The relative importance of these sectors determines, at least in theory, the distribution of State financial resources among them. Certainly, in addition to their priority in the current governance framework, there is a set of more or less generally accepted criteria on how much funding can be allocated to these sectors and how it is distributed within them and across different levels. For example, what determines budget allocations within priority sectors and at different levels and how these resources are distributed among different components, i.e. between operating and investment expenditure, and, in the case of the health sector, expenditure on medicines. Naturally, there is a logic that guides these aspects of budget allocation. However, regardless of this logic, some of these criteria are not necessarily rigid, given specific contexts and emerging dynamics during budget execution or implementation, as well as the specific interests surrounding these processes. For example, as sectors considered priorities for human development, there are international commitments to which the country has adhered regarding the allocation of budgetary resources to the health and education sectors. These commitments, which are not fulfilled in practice, define a minimum proportion of budgetary resources that should be allocated to these sectors.

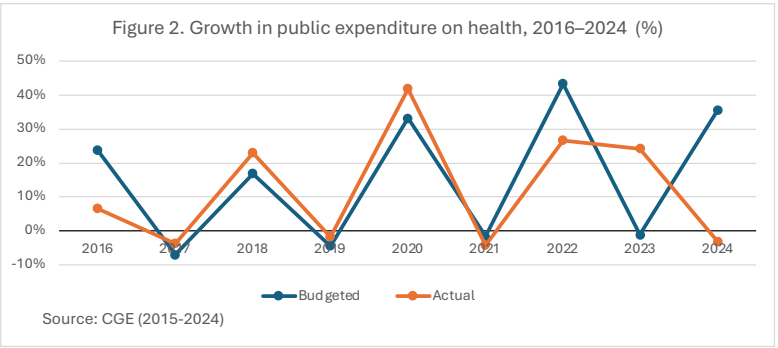
It is argued here that, regardless of the logic of formal criteria for resource allocation, including international commitments, a better understanding of patterns of financial resource allocation to social sectors and underlying inequalities requires an understanding of their class dynamics and how these are structured around the logics of accumulation at the national (and global) level. That is, beyond formal criteria and their logic, the allocation of budgetary resources to social sectors (and beyond), and their distribution at various levels are the product of interactions between class processes and the set of contradictions that emerge within and outside the State. Without understanding these dynamics, it is difficult to understand the essence of such resource allocation patterns and the associated challenges, as well as how to address them in a meaningfully transformative way.

At a more aggregate level of analysis of the structure of the State Budget, particularly on the expenditure side, it is not uncommon to observe concerns about inequalities or disparities in the sectoral allocation of budgetary resources between different budget categories (for example, current expenditure and investment expenditure). It is also common to observe concerns about inequalities in the sectoral allocation of these resources (for example, agriculture, health, education, defence, among others). Furthermore, at the sectoral level, it is also common to observe concerns about the allocation of budgetary resources at different levels (for example, central, provincial and district). Amidst these concerns about inequalities in the allocation of budgetary resources, which may, in general, follow their own logic, there is a need to review the criteria for allocating budgetary resources in order to achieve a more equitable allocation. For example, it has become evident that the health sector, along with some other social sectors, has been increasingly deprioritised, judging by the reduction in the proportion of budgetary resources allocated to this sector, both in absolute terms and in relative terms, when compared, for example, with the education sector, which, like health, is also considered a priority sector.

Figure 1 shows budgeted and actual expenditure in the health sector in millions of meticaís, according to functional classification criteria, based on data from the General State Accounts (CGE) for the period 2015 - 2024 (Republic of Mozambique, various years) . As can be seen, in nominal and general terms, budgeted public expenditure on health has shown an upward trend, rising from around 20,332 million meticaís in 2015 (around 10% of total budgeted public expenditure and 3% of GDP) to approximately 65,877 million meticaís in 2024 (representing 13% of total public expenditure), i.e. an increase of around three times. On average, budgeted public expenditure in the health sector was around 35,511 million meticaís, an in the first seven years of the period under analysis it remained below this average. Particular attention should be given to 2022, 2023 and 2024, when average budgeted expenditure exceeded 54,000 million meticaís. In relative terms, budgeted health expenditure averaged around 10% of total public expenditure and 3% of GDP in the period under analysis.

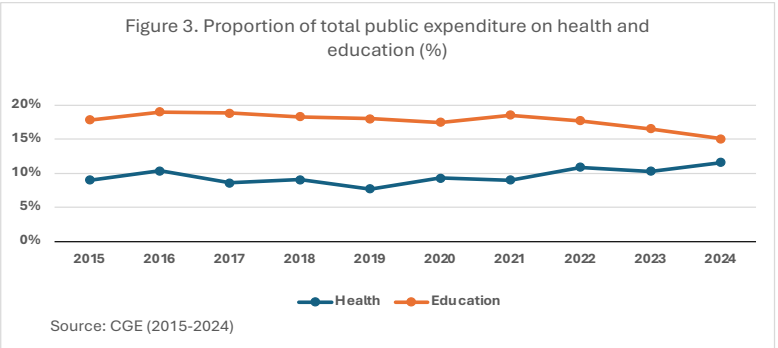


Despite this overall trend, the growth of public expenditure in the health sector was unstable, with intermittent periods of decline, such as in 2017, 2019, 2021 and 2023. This reduction in the health budget was also accompanied by intermittent reductions in actual expenditure, with the exception of 2023, when actual expenditure grew by around 24% compared with the previous year.

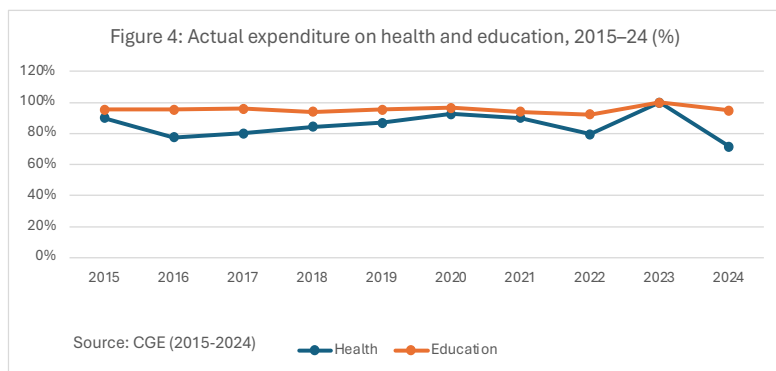


In terms of total public expenditure, it should be noted that, on average, public expenditure on health over the period was around 9.6%. This figure is below the target established in the Abuja Declaration, in which African countries committed to allocating at least 15% of their State Budgets to health. In fact, throughout the period, Mozambique did not come close to meeting this continental commitment. In terms of actual expenditure, the average share of health expenditure in total public expenditure was 8.67%. In general, despite fluctuations throughout the period, there were no significant variations in the average proportion of the total budget allocated to the health sector, with the exception of 2016, 2022, 2023, and 2024.

If we compare this to the education sector, one of the priority sectors, a significant difference can be observed in the proportion of the total budget allocated to health. The education sector recorded an average share of around 17.7%, well above the average for the health sector. Even with a downward trend over the last five years (which raises some concern in this sector), the proportion of the State Budget allocated to health has always been lower than that allocated to education.



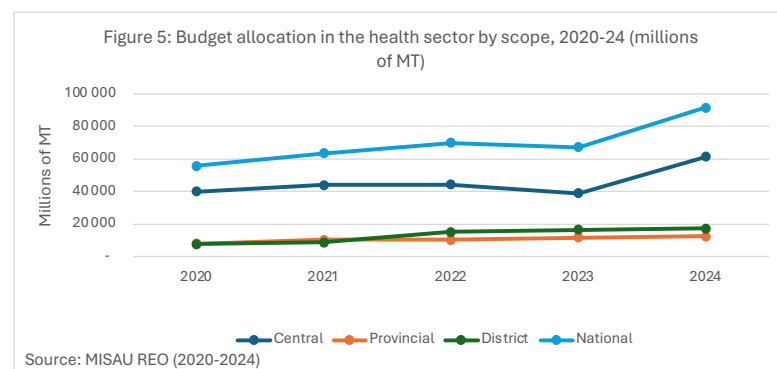
Even in terms of budget execution, the average execution rate of expenditure in the health sector is lower than in the education sector, and it has also been unstable throughout the period. While the average execution rate in education was around 95% over the last ten years, with annual figures remaining very close to this average, in the health sector, the average budget execution rate was around 84%. There were also periods when it fell below 80%, particularly in 2024, when it reached around 71%, which was the lowest level during the period under analysis.



Interestingly, according to General State Account (CGE) data for 2024, this was the year in which budgeted expenditure on health increased the most, by around 35%. However, this increase was not matched by a similar level of growth in actual expenditure, which rose by around 24%. The scarcity of funds, particularly in a context where external financing for the health sector has been declining, may help explain this situation. In the case of the health sector, as well as others, the evolution of budgeted and executed expenditure reveals a fundamental problem related to the government’s limited capacity to allocate resources to strategic priorities. This problem has been recurrent and is addressed in several analyses of budget performance in Mozambique, including assessments of budget credibility .

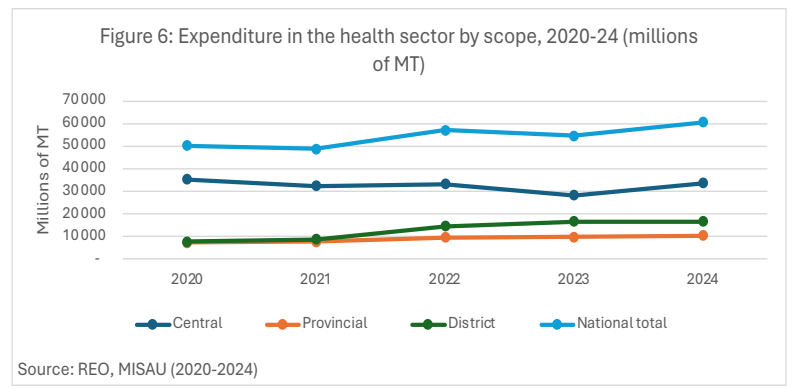
### 3.1. Allocation of health sector expenditure by administrative level: central, provincial and district

Another angle of analysis regarding inequalities in the allocation of budgetary resources concerns their distribution across different geographical levels. Data on budget allocations by administrative level, presented in the Ministry of Health’s budget execution reports over the last few years (Ministry of Health, various years), allow us to analyse inequalities in the distribution of State financial resources in the health sector across different levels and expenditure components. Due to time constraints in conducting this study, the analysis focuses only on the last five years, which coincides with the most recent government cycle (2020-2024). In general, as illustrated in Figure 5, there is an unequal distribution of budget allocations between the central, provincial and district levels. Logically, this unequal distribution is to be expected, given the relative size of the sector’s structures at different levels and the specific functions assigned to each level. These functions imply that different components of expenditure are allocated to specific administrative levels, resulting in allocative differences.



As illustrated in Figure 5, in nominal terms, the budget allocation showed an upward trend at all levels between 2020 and 2024. However, in 2023, at the central level, the allocation decreased by around 12% compared with 2022, from around 44,344 million meticaís to around 38,982 million meticaís. This reduction was due to a decrease in the allocation for investment of around 24%, from around 26,840 million meticaís in 2022 to around 19,744 million meticaís in 2023.

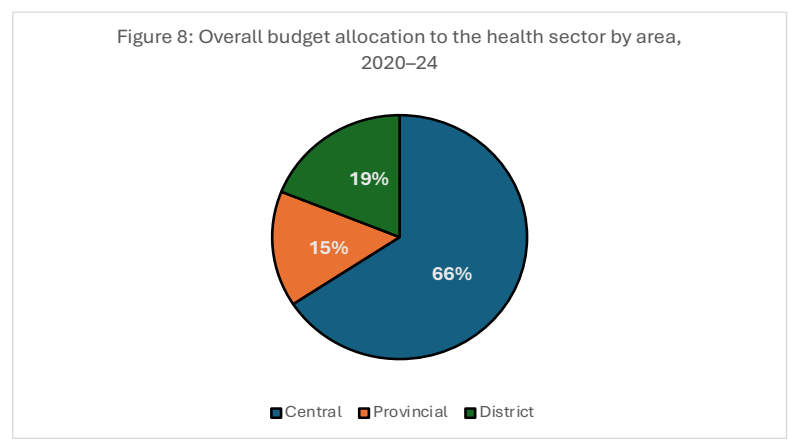
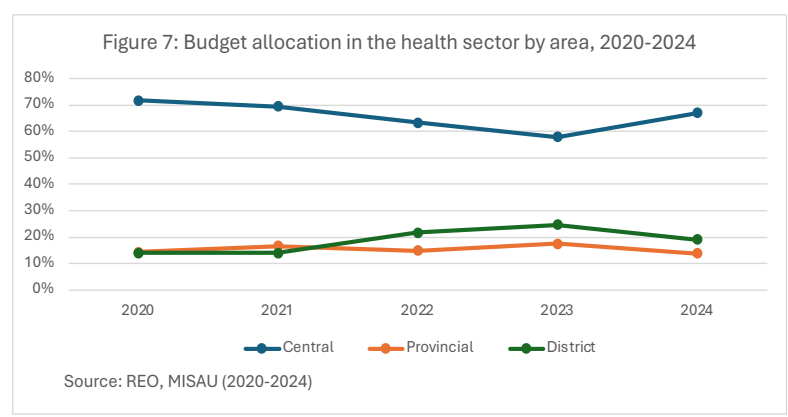
This downward trend in the allocation for medicines at the central level is, to a certain extent, consistent with the trend in expenditure in this component, which in 2023 was around 18,102 million meticaais, or around 91%. (Graph 6).



Furthermore, if we look at the provincial and district levels, we can see that the pattern of expenditure allocation is almost identical to the pattern of execution in terms of value, with a stable trend over the last three years (Figure 6). However, in relative terms, while there was a downward trend at the central level until 2023, there was an upward trend at the provincial level until 2023, while the overall trend at the district level was downward (Figure 7).

Overall, the total budget allocation for the health sector in value terms, was just over 347,981 million meticaais at the national level. Of this amount, 228,790 million meticaais were allocated to the central level, 53,325 million to the provincial level and 65,865 million meticaais to the district level. In relative terms, the overall allocation for the central level was 66%, compared with 19% and 15% for the district and provincial levels, respectively (Figure 8).

The larger share of the budget allocation at the central level is largely explained by the fact that a greater proportion of investment expenditure (about 82%) and total expenditure on medicines (100%) are allocated to the central level.



Unlike at the central level, at the provincial and district levels, operating expenditure accounts for the largest share of the budget allocation, both in value and relative terms. In terms of value, the budget allocation for operating expenditure over the last five years was approximately 41,554 million meticaais and 59,924 million meticaais for the provincial and district levels, respectively. In relative terms, at the provincial level, operating expenditure represents around 78% of the budget allocation, while at the district level it represents 91%. The weight of the operating component is also evident at the national level, accounting for around 36% of the budget allocation in the health sector.

The investment component has a higher share at the central level compared with the provincial and district levels. This is explained by the fact that structural investments in the sector are managed by the central government. The medicines component, which represents the largest share of resource allocation at the central level with 53%, is allocated exclusively at the central level (Table 1).

Table 1: Budget allocation in the health sector, by administrative level and expenditure component			
Administrative level	Component	Total (000 MT) 2020-24	%
Central	Operating expenditure	24,017,042	10
	Investment expenditure	82,981,413	36
	Medicines	121,791,787	53
	<b>Total</b>	<b>228,790,242</b>	<b>100</b>
Provincial	Operating expenditure	41,554,252	78
	Investment expenditure	11,771,607	22
	<b>Total</b>	<b>53,325,859</b>	<b>100</b>
District	Operating expenditure	59,924,316	91%
	Investment expenditure	5,941,474	9
	<b>Total</b>	<b>65,865,790</b>	<b>100</b>
National	Operating expenditure	125,495,610	36
	Investment expenditure	100,694,494	29
	Medicines	121,791,787	35
	<b>Total</b>	<b>347,981,891</b>	<b>100</b>

Source: REO, MISAU (2020-2024)

## 3.2. Allocation of operating expenditure at the aggregate district level by province

A more disaggregated analysis of the distribution of budgetary resources at district level by province can also reveal interesting aspects about inequality in the allocation of budgetary resources in the health sector. The analysis presented here is based exclusively on health sector budget execution reports produced by the Ministry of Health (MISAU). Given the time and space constraints of this study,

it was not possible to analyse the districts individually. Such an analysis would require considerable time, as the raw data are not available. However, the following analysis provides an indication of resource distribution, particularly allocations for operating expenditure at the district level as a whole in relation to the respective province.

**Table 2.** Budget allocation at the aggregate district level by province

Province	2020	2021	2022	2023	2024	Total	Total %
Maputo	643,604	642,027	902,386	1,018,624	1,322,039	4,528,680	7.9%
Gaza	666,276	583,974	836,957	1,006,893	1,384,282	4,478,382	7.8
Inhambane	845,306	881,314	1,143,322	1,317,114	1,728,733	5,915,789	10.3
Manica	534,336	470,910	777,809	1,044,106	1,433,666	4,260,827	7.4
Sofala	808,903	743,503	1,057,806	1,239,632	1,647,458	5,497,302	9.6
Tete	446,267	609,465	989,936	1,123,806	1,512,966	4,682,440	8.2%
Zambézia	1,321,131	1,502,307	1,822,218	1,944,588	2,610,662	9,200,906	16.1
Nampula	1,340,299	1,455,366	1,837,678	2,117,677	2,966,115	9,717,135	17.0
Cabo Delgado	616,560	595,382	903,145	1,113,309	1,528,384	4,756,780	8.3
Niassa	556,153	579,907	798,311	971,151	1,303,352	4,208,874	7.4
<b>Total</b>	<b>7,778,835</b>	<b>8,064,155</b>	<b>11,069,568</b>	<b>12,896,900</b>	<b>17,437,657</b>	<b>57,247,115</b>	<b>100</b>

Source: REO, MISAU (2020-2024)

\*Preliminary budget execution reports (January-September)

The REO data with district level disaggregation include only operating expenditure, financed from different sources, including the State Budget, treasury funds, projects with an external component, grants and other funds.

As Table 2 shows, the districts of Nampula (23) in the north, Zambézia (22) in the centre, and Inhambane (14) in the south of the country received the largest share of financial resources for operating expenditure, with an average of 17%, 16.1% and 10.3%, respectively. In this case, the 69 districts in these three provinces, corresponding to approximately 45% of the total number of districts in the country, received on average around 43.4% of budgetary resources. A comparison between the first and second years of the period under review shows slight differences in the proportion of resources allocated to districts in these provinces, with the exception of districts in Zambezia province, where the allocation of financial resources declined from 17% in 2020 to 15% in 2024. Naturally, epidemiological needs, combined with factors such as population size, national priorities and specific programmes targeting these provinces, may determine the pattern of budgetary resource allocation. The provinces of Nampula and Zambezia, for example, are the most populous provinces in

the country, and also have the largest number of districts, with estimated populations of 5.7 and 5.1 million inhabitants, according to the 2017 population census conducted by the National Institute of Statistics. Although there are no concrete data for the period under review, estimates suggest that these provinces remain the most populous and are likely to continue to receive a larger share of resources.

The distribution of budget allocations at the aggregate district level for each year of the period under review is presented in Table 3. As can be seen, the proportion of resources allocated to districts in the three provinces with the highest average allocation share remains consistent over the five years analysed, with trends close to the overall average for most provinces. It should be noted that the data for 2021 - 2023 correspond to budget execution up to September. However, this does not appear to significantly alter the overall allocation pattern observed across the years.

Province	2020	2021	2022	2023	2024	Average
Maputo	8.3	8.0	8.2	7.9	7.6	8.0
Gaza	8.6	7.2	7.6	7.8	7.9	7.8
Inhambane	10.9	10.9	10.3	10.2	9.9	10.5
Manica	6.9	5.8	7.0	8.1	8.2	7.2
Sofala	10.4	9.2	9.6	9.6	9.4	9.6
Tete	5.7	7.6	8.9	8.7	8.7	7.9
Zambézia	17.0	18.6	16.5	15.1	15.0	16.4
Nampula	17.2	18.0	16.6	16.4	17.0	17.1
Cabo Delgado	7.9	7.4	8.2	8.6	8.8	8.2
Niassa	7.1	7.2	7.2	7.5	7.5	7.3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: REO, MISAU (2020-2024)  
 \*Preliminary budget execution reports (January-September)

An analysis of allocation by district in the three provinces also reveals an uneven distribution of financial resources, which is to be expected for the same reasons that explain the distribution at the provincial level. Table 4 shows the four districts that received the most resources in each of the three provinces under analysis. In the case of Nampula province, which received the largest share of financial resources, the districts of Nampula, Ribaué, Monapo and Nacala-Porto received a combined allocation of around 1,246 million meticais, corresponding to about 42% of the total allocation for all districts in the province. The districts of Nampula and Ribaué stand out, with allocations of around 661.1 and 237.8 million meticais, respectively. In Zambézia province, the districts of

Mocuba, Quelimane, Gurué and Milange received a combined allocation of around 1,034 million meticais, corresponding to 40% of the total allocation for all districts in the province. Here, the districts of Mocuba and Quelimane stand out, with around 13% and 12% respectively. In Inhambane province, the districts of Maxixe, Massinga, Vilanculos and Zavala received a combined allocation of around 822 million meticais, corresponding to 49% of the allocation for all districts in the province. This analysis shows that, in all these provinces, only about a quarter of the districts receive nearly half of the allocations for operating expenditure across all districts in the provinces, which highlights inequalities in the allocation of budgetary resources.

**Table 4.** Budget allocation in districts of the provinces of Nampula, Zambézia and Inhambane, 2024

Nampula (23)			Zambezia (22)			Inhambane (14)		
District	Allocation (000 MT)	%	District	Allocation (000 MT)	%	District	Allocation (000 MT)	%
Nampula	661,105	22	Mocuba	332,925	13	Maxixe	239,325	14
Ribaué	237,865	8	Quelimane	306,106	12	Massinga	222,886	13
Monapo	174,381	6	Gurue	203,119	8	Vilanculo	205,277	12
Nacala Port	173,068	6	Milange	192,591	7	Zavala	154,581	9
Others	1,719,696	58	Others	1,575,921	60	Others	906,664	52
<b>Total</b>	<b>2,966,115</b>	<b>100</b>	<b>Total</b>	<b>2,610,662</b>	<b>100</b>	<b>Total</b>	<b>1,728,733</b>	<b>100</b>

Source: REO, MISAU (2020-2024)

\*Preliminary budget execution reports (January-September)

As noted above, needs and priorities, including specific health sector programmes in these districts, may explain these inequalities.

## 4. CONCLUSIONS AND RECOMMENDATIONS

### 4.1. Conclusions

This study aimed to analyse inequalities in the allocation of State financial resources in social sectors, with a focus on the health sector. The core of the analysis was based on the premise that the health sector, considered a priority in government programmes, has in practice been given progressively lower priority in recent years. This declining prioritisation of the sector is reflected in the reduction in the proportion of the budget allocated to health. This situation becomes more concerning given the trend towards declining external financing for the sector, in a context of public finance instability and crisis, where social austerity is often presented as the solution within the prevailing ideological and institutional framework. The question that arises is: “How, in a context of increasing needs in the sector, both in terms of personnel and goods and services, including medicines, can there be a trend towards reducing the proportion of resources allocated to health in the name of fiscal consolidation?”

In addition, the study proposed some bases for a political economy perspective on budgeting in Mozambique that go beyond conventional analyses of the budgetary process, which tend to focus on institutional dynamics and rules and regulations, including the stakeholders who govern the budgetary process. It was argued that these institutional and legal aspects of the budgetary process, as well as the stakeholders involved, are fundamental for a political economy analysis. The perspective offered seeks to situate the budgetary process within the framework and logic of accumulation in the specific historical context of Mozambique. This framework draws on Marxist analysis of the capitalist state, which conceptualises the state as a social space where political, economic and cultural processes occur. These processes interact with one another, resulting in class struggles and contradictions. It was argued that the starting point for analysing the state is the existence of a fundamental class process, determined by the development of capitalism on a global scale in specific historical conditions. In Mozambique, this fundamental class process emerged in the context of the choice to develop national capitalism, or national capitalist classes, in the mid-1980s, with structural adjustment programmes extending into the contemporary political economy. The emergence and development of a national

capitalist class in Mozambique’s historical context represents the current fundamental class process, whose reproduction is enabled by subordinate classes within the state and society in general. Growing public debt has emerged as a strategy of accumulation and reproduction for these classes, with structural implications for the budgetary process, particularly for the allocation of resources to social sectors. These classes have specific interests in the budgetary process, mediated by subordinate classes within the state.

With regard to the analysis of inequalities in the allocation of budgetary resources in the health sector, the study found that disparities have persisted over the past ten years, particularly when comparing the budget allocation for health with that for the education sector. In addition to disparities in allocation between the two sectors, the analysis also shows that budget execution in the education sector has been more consistent, with an average execution rate of over 95%, compared to an average of 84% for the health sector.

At different territorial levels, inequalities also persist in the allocation of resources across their different components. The medicines component for the National Health System accounts for the largest share of allocations, concentrated exclusively at the central level. At the provincial and district levels, however, operating expenditure is the dominant component. This is explained by the need for personnel, particularly medical personnel, given the doctor-to-population ratio, as well as for goods and services required for the functioning of health facilities.

In the context of resource distribution, particularly operating expenditure across districts, the significant inequalities observed are cause for concern. Only three provinces receive around 43% of the total operating expenditure allocated to their districts. These three provinces include around 69 districts, two of which are the most populous provinces in the country, which partly explains this distribution. When considering population size, it is possible that per capita health expenditure in these provinces is relatively lower than in other provinces and districts with smaller populations.

## 4.2. Recommendations

Taking into account the analysis of the evolution of the pattern of budgetary resource allocation in the health sector at its various levels, and the political economy perspective on the budgetary process proposed in this study, we put forward the following recommendations:

1. It is necessary to analyse the dynamics of resource allocation in the social sectors within a framework that considers the dominant economic structures, patterns of accumulation, the interests surrounding these patterns, and how they shape and structure the budgetary process.
2. Resource allocation strategies across sectors should be aligned with national development priorities. The analysis of these national priorities should consider the contradictions inherent in the prevailing mode of accumulation and how these contradictions limit the pursuit of these priorities. For example, how does the growth of public debt, as a strategy of accumulation by the national capitalist classes, affect budgetary dynamics and limit the State's capacity to invest in social sectors?
3. The allocation of resources to the health sector, in addition to being guided by logical criteria, should pay particular attention to local social dynamics and how these dynamics can enable health sector activities.
4. The trend of declining resource allocation to the health sector should be reversed, given its implications for access to and availability of basic health services, which are fundamental to human development, including the education sector.
5. A progressively larger proportion of the State Budget should be allocated to the health sector, meeting at least the target established in the Abuja Declaration, to which Mozambique has committed itself. Meeting this target may simply represent a numerical benchmark, but it would already be an important step towards expanding the coverage and quality of health services across the country, while respecting the sector's transformative priorities.
6. There should be greater involvement of the different stakeholders in the health sector in defining priorities for resource allocation. This involvement requires better negotiation of resource allocation parameters within the sector, taking into account the macroeconomic and fiscal constraints imposed on the executive in the current context of budgetary crisis. For example, to what extent can the social and economic rationale for investment in health prevail as bargaining power for allocating additional resources to the sector, in a context of fiscal and macroeconomic constraints?
7. Structural problems in the economy that generate cyclical budgetary crises must be addressed, rather than responding through cuts that disproportionately affect sectors fundamental to social welfare and economic development. Health is a key factor in economic productivity, particularly in a context where there is growing discourse around economic and social transformation. Both health and education are fundamental to this process.
8. A better balance is needed between basic social needs and the constraints imposed by fiscal consolidation. It is important to recognise that an excessive focus on fiscal consolidation, without addressing the underlying economic structures that generate budget crises, does not resolve the structural problems of public finances. On the contrary, it creates the conditions for a deepening of future crises.

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