CIP
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Flaws of the 2016 Budget approved by the National Assembly

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I. Introduction

In December 2015 the National Assembly approved the Government Budget (*Orçamento do Estado,* OE) for 2016. The OE was approved after incorporating comments from Civil Society as well as economic developments in the international outlook that negatively affected Mozambique.

This analysis compares the Proposed Budget 2016 (*Proposta do Orçamento do Estado,* POE), published in September 2015 (see Appendix 1) and the OE 2016, approved by the National Assembly in December 2015. The analysis also assesses the extent to which the approved OE incorporates comments made in the Article published by CIP on the analysis of the POE 2016 (with the key recommendations shown in Annex 1).[1]

II. Context

After the IMF revised downwards global economic growth to 3.5% in the third quarter of 2015, the Mozambican Government modified the assumptions presented in its POE 2016 of September 2015 (which had been based on global economic growth of 3.8% and improvements in tax collection), given the more recent scenario of weaknesses amid an international context characterized by a widespread decline in commodity prices.

Table 1 shows the extent to which the projections of macroeconomic indicators differ between the two documents (POE 2016 and OE 2016).

In the context of the weak international conditions, the Government revised its GDP growth projections from 7.8% to 7.0% in 2016. However, after the 2016 Government Budget was approved by the National Assembly, the IMF published estimates for 2016 that are even more pessimistic - GDP growth of only 6.5% due to stagnation in the mining sector and implementation of restrictive monetary and fiscal policies.

1 http://www.cip.org.mz/cipdoc%5C408_um_olhar_despesa_0115.pdf

Table 1. Macroeconomic Indicators

Indicator	POE 2016 (Sept. 2015)	OE 2016 (approved by the National Assembly in Dec. 2015)	Change
Global economic growth rate (%)	3,8%	3,5%	- 0,3 percentage points (pp)
GDP growth rate (%)	7,8%	7,0%	- 0,8pp
Inflation (%)	5,6%	5,6%	--
Nominal GDP (millions of meticais)	685.796	680.487	- 0,8%
GDP per capita (MT/person)	25.954	25.753	- 0,8%
Net international reserves months of import cover)	4,8	4,3	- 0,5 (months)
Exports (millions of USD)	4.501	3.643	- 19,1%

III. Resources

As shown in Table 2, of the initial total resources of 261 billion meticais (*mil milhões de meticais*, MMT) envisaged in the POE 2016 the Government revised resources downward to 246 MMT, a decrease of 5.7%. Also, the Government's own revenues (current plus capital revenues = *Receitas do Estado*) declined from the initial 178.1 MMT (in the POE) to 176.4 MMT, a decrease of 1.0%.

Thus, the external resources to be mobilized are estimated at 62 MMT, against previously 67 MMT in the POE, of which 24 MMT (previously 19.7 MMT) are to be donations and 37 MMT (previously 47.6 MMT) credits. The downward trend is even more pronounced in relation to domestic credit, which decreased by 40.6%.

However, based on the recent economic events mentioned above, which led the IMF to further lower the estimate of Mozambique's GDP

Table 2. Resources (Comparison between the POE 2016 and OE 2016)

	POE 2016 (Sept.)	OE 2016 (Approved)	Change (%)	POE 2016 (Sept)	OE 2016 (Approved)	Change (pp)
	Million MT			% of GDP		
Total Revenue	261.080.0	246.070,4	- 5,7	38,1	36,2	- 1,9
Domestic Resources	193.856,8	184.028,8	- 5,1	28,3	27,0	- 1,3
State Revenue (*Receitas do Estado*)	178.144,8	176.409,2	- 1,0	26,0	25,9	- 0,1
Current Revenue	174.957,4	173.221,8	- 1,0	25,5	25,5	-
Tax Revenue	151.433,4	151.433,4	-	22,1	22,3	0,2
Taxes on Income	62,262,1	62.262,1	-	9,1	9,1	-
Taxes on Goods and Services	82.055,7	82.055,7	-	12,0	12,1	0,1
Other Taxes	7.115,6	7.115,6	-	1,0	1,0	-
Nontax Revenue	11.029,9	10.239,8	- 7,2	1,6	1,5	- 0,1
Earmarked Revenue	12.494,1	11.548,5	- 7,6	1,8	1,7	- 0,1
Capital Revenues	3.187,4	3.187,4	-	0,5	0,5	-
Domestic Credit	12.831,4	7.619,7	- 40,6	1,9	1,1	- 0,8
External Resources	67.223,2	62.041,6	- 7,7	9,8	9,1	- 0,7
Grants	19.673,0	24.800,0	26,1	2,9	3,6	0,7
External Credit	47.550,2	37.241,6	- 21,7	6,9	5,5	- 1,4

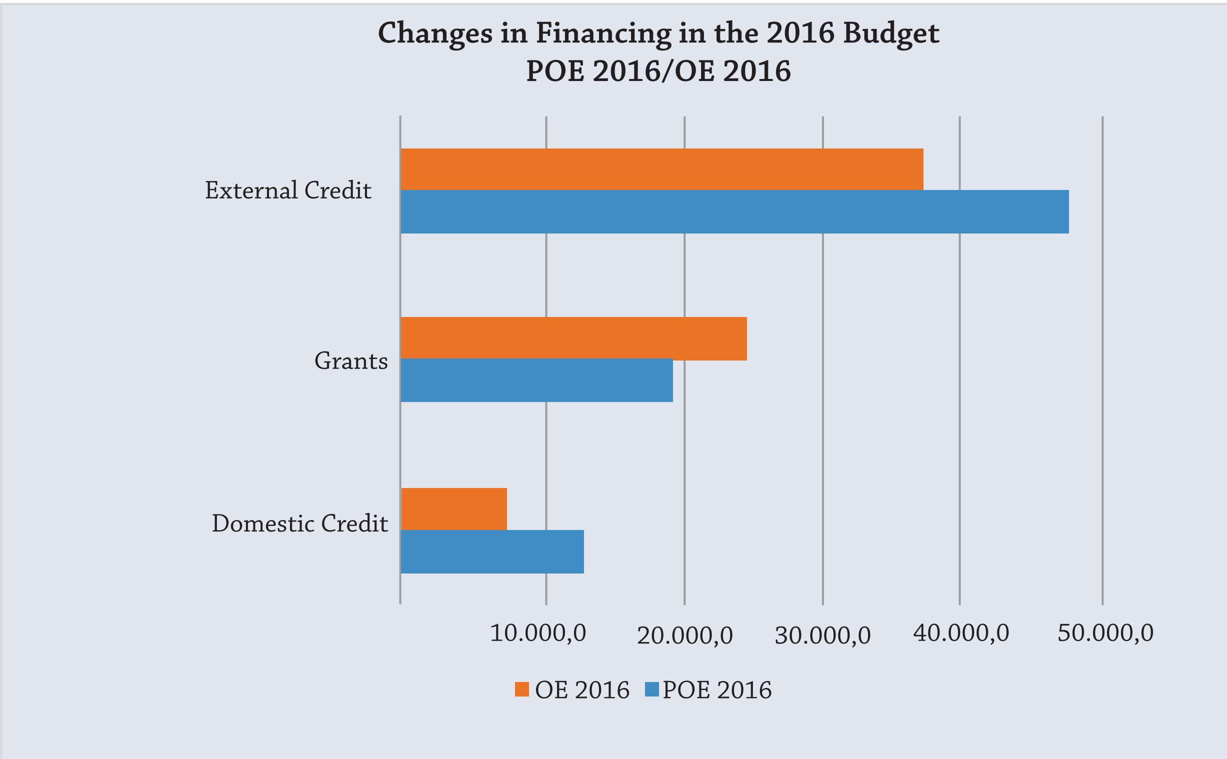
growth, and based on the questions raised in the CIP Article previously mentioned, *CIP believes the Government will have difficulties in reaching its estimates of own resources*, specifically with regard to collections of the tax on exports in a scenario where commodity prices are falling. Given that the approved OE 2016 projects a decline of 19.1% in total exports, *CIP does not think that it is realistic, as the Government does, that the tax on goods and services (which contains the taxes received from exports) should be carried over unchanged from the POE into the OE (at 82 MMT); instead, it should decrease sharply*.

Also, the approved OE 2016 does not take into account CIP's concerns in relation to taxes on income (which also remain unchanged in nominal terms compared to the POE 2016), which CIP feels is based on estimates (namely, a projection of the 2015 outturn) that have serious flaws.

Thus, CIP believes that the OE 2016 approved by the National Assembly does not resolve the weaknesses exposed in its previous Article—weaknesses that jeopardize the successful implementation of the OE 2016.

Funding for the OE 2016 decreased by 10.6% compared to the POE 2016 (Chart 1). On the one hand, the sharp reduction in domestic credit of 40.6% may indicate the desire of the Government to limit the inflationary impact of the budget, which can contribute positively to achieving the inflation targets. On the other hand, the reduction of external financing (Box 1) is a concern, as it could imply lower confidence of countries that provide budget support to the Government, at a time when the country needs more support.

Graph 1: Evolution of Financing of the OE



IV. Expenditure

When comparing the two versions of the Budget, a reduction in both current and capital expenditures (Table 3) is noted, although the latter is more pronounced. In the Operating Expenditures component (*Despesa de Funcionamento*) there is a slight reduction in current expenditure, to 19.9% of GDP (down 0.3 pp compared to the POE). However, personnel outlays remain at 10.5% of GDP. It is to be noted that personnel outlays was the only item in total expenditure that did not change. This implies that the Government does not yet see the need to apply more stringent austerity measures for this very significant category (which represents 52.4% of Operating Expenditures), even given the growing uncertainty of own resources in the OE 2016.

Box 1. Budget Support

According to the **Program Aid Partnership**, the financial commitment in 2016 is estimated at 10.2 MMT to be disbursed by 12 countries, compared with 8.9 MMT in 2015 disbursed by 14 countries.

Regarding the **Program Support Sector and Common Funds,** a decline of 29.1% was registered (from 7.6 MMT in 2015 to 5.4 MMT in 2016) with significant reductions in the agricultural sector (by 84%) and increases the Water and Sanitation sector (PRONASAR) by 202.9%.

Investment expenditures stand at 12.3% of GDP, i.e., a reduction of 1.4 pp, a necessary reduction given the dwindling resources available, both as regards the external and internal components.[2] *It should be noted that*

Table 3: Expenditure (Comparison between the POE 2016 and OE 2016)

	Prop 2016 (Sept)	OE 2016 (Approved)	Change (%)	Prop. 2016 (Sept)	OE 2016 (Approved)	Change (pp)
		Million MT			**% of GDP**	
Total Expenditure	261.080,0	246.070,4	- 5,7	38,1	36,2	- 1,9
Operational Expenditure	138.947,6	136.159,3	- 2,0	20,3	20,0	- 0,3
Current Expenditures	138.211,6	135.686,6	- 1,8	20,2	19,9	- 0,3
Personal Expenditures	71.889,3	71.308,2	- 0,8	10,5	10,5	-
Goods and Services	29.909,1	28,966,1	- 3,2	4,4	4,3	- 0,1
Debt Service	10.126,3	12.500,0	23,4	1,5	1,8	0,3
Current Transfers	19.805,2	19.297,3	- 2,6	2,9	2,8	- 0,1
Subsídies	4.820,6	2.120,6	- 56,0	0,7	0,3	- 0,4
Other Current Expenditure	1.453,6	1.283,6	- 11,7	0,2	0,2	-
Carryover From Previous Budgets	207,4	210,7	1,6	-	-	-
Capital Expenditure	736,0	472,8	- 35,8	0,1	0,1	-
Investiment Expenditure	94.033,8	83.865,4	- 10,8	13,7	12,3	- 1,4
Domestically Financed	49.068,7	41.338,9	- 15,8	7,2	6,1	- 1,1
Externally Financed	44.965,1	42.526,6	- 5,4	6,6	6,2	- 0,4
Financial Operations	28.098,6	26.045,6	- 7,3	4,1	3,8	- 0,3
Credits	12.397.1	8.200,0	- 33,9	1,8	1,2	- 0,6
Debits	15.701,5	17.845,6	13,7	2,3	2,6	0,3

2 Budget Framework Paper (*Documento de Fundamentação*) for the OE 2016.

a decrease in investment spending will have a negative impact on GDP growth, that is, there is a risk that the target of GDP growth cannot be reached if the planned capital expenditure does not take place. Table 11, "Sample of Investment Projects for 2016" in the OE 2016 Budget Framework Paper shows that the sector with the highest share is infrastructure, reflecting the construction of the Maputo-Catembe bridge, estimated at 8.39 MMT, or 10% of total investment (equivalent to 184% of total expenditures for investments at the district level).

By analyzing "Table 11" and "Table 15" (Outlays in the Economic and Social Sectors) in the OE 2016 some inconsistencies are noted. For example, supposedly Table 15 indicates the amount to be allocated to infrastructure, specifically the amounts targeted for Roads, Water and Public Works, a total of 37.86 MMT; however, in the sample of investment projects for the same sectors, the amount is 38.93 MMT, that is, a sample that is higher than the total of all projects.

The details provided for expenditures, both current and capital, do not yet meet the criteria of transparency for the budget.[3] *Especially investment spending does not allow establishing an overall perspective of the government impulse to the economic sectors, since more information has to be presented in the tables for the projects, as well as presentation in a single table instead of looking for a large number of expenditure items in the annexes.*

V. Social indicators

As a percentage of the total Budget, excluding outlays on public debt and government financial operations, 66.6% are allocated for the economic and social sectors[4], which represents a decrease of 7.3 pp in relation to the POE 2016.

The sector suffering the most cutbacks in relation to the POE is the road sector, both in nominal terms (12.1%) as well as in percentage of total expenditure (-3.2 pp).

Based on the information provided in the Citizen Budget 2016, investment in the education sector is to grow by an expected 8.0% in 2016, as a result of increased school enrollment (by 6.4%), driven by investments in the construction of schools and classrooms, as well as from the offering of new courses by institutions of higher education. However, the information provided does not give much detail and does not cover even 50% of the amount directed to the sector as a whole.

The health sector,[5] both in nominal terms and as a percentage of public expenditure, shows an increase justified by increases in own government resources.[6] Also, this sector, in addition to the budgeted amount, will benefit from additional support by USAID and the Global Fund in the amount of US$ 700 million.[7] Of the amount allocated for

3 Mozambique had 38 points (out of 100) on the Open Budget Index published in 2015, showing budget openness below the global average of 45 points. The presentation of Mozambique's budget is still confusing and too complex for the understanding of average citizens. Our budget needs to be made more comprehensive in terms of availability of information and propose a simpler presentation and goals so that taxpayers do not have to make a major effort to figure out the fate of the tax money that they pay every day.

4 Education, Health, Infrastructure (Roads, Water and Public Works, Mineral Resources and Energy), Agriculture and Rural Development, Judiciary, Social Welfare and Labor.

5 In 2015, 20.3 MMT (US$ 580.9 million) were allocated to the Health Sector, a nominal increase of 5% compared to the amended 2014 budget.

6 The financing of the sector from own resources increased from 45% in 2009 to 70% in 2015.

7 According to the 2016 Budget framework Paper "... this sector will benefit from additional support from USAID and the Global Fund, which does not pass through the Treasury Single Account" (Page 31).

Table 4. Social Indicators (Comparison between the POE 2016 and OE 2016)

	Prop 2016 (Sept)	OE 2016 (Approved)	Change (%)	Prop. 2016 (Sept)	OE 2015 (Approved)	Change (pp)
	Million MT			**% Total Expenditure**		
Total Expenditure (Exc. Debt Service)	192.240,2	207.525,0	8,0	100,0	100,0	-
Total Economic and Social Sectors	141.959,1	138.116,0	- 2,7	73,8	66,6	- 7,3
Education	44.595,0	45.801,0	2,7	23,2	22,1	- 1,1
Health	20.939,9	21.607,9	3,2	10,9	10,4	- 0,5
Infrastructures	45.084,7	40.895,4	- 9,3	23,5	19,7	- 3,7
Roads	32.697,4	28.724,7	- 12,1	17,0	13,8	- 3,2
Water and Public Constructions	8.949,0	9.138,1	2,1	4,7	4,4	- 0,3
Mineral Resources and Energy	3.438,2	3.032,7	- 1,8	1,8	1,5	- 0,3
Agriculture and Rural Development	18.520,5	19.892,2	7,4	9,6	9,6	- 0,0
Judicial System	4.376,7	4.271,7	- 2,4	2,3	2,1	- 0,2
Social Action and Work	8.442,3	5.647,8	- 33,1	4,4	2,7	- 1,7

investment, the Government plans to increase the coverage rate for fully immunized children younger than 12 months to 88%, from 87.5% in 2015. It is also envisaged to raise the number of children benefiting from pediatric antiretroviral therapy (PART) to 105,000, from 99,000 estimated in 2015. Among these actions, the following will be prioritized:

- Support for the medication value chain;
- Development of infrastructure levels I, II and III;
- Raising the coverage rate of deliveries at institutions to 73%;
- Completion of the Quelimane Central Hospital and rehabilitation of the Beira Central Hospital;
- Construction of the Hospital Complex in Nampula and Provincial Hospitals in Inhambane and Niassa;
- Rehabilitation of the pediatrics department of the Hospital Complex of Maputo; and
- Rehabilitation of Mawayela Health Center in the Panda District of Inhambane Province.[8]
- However, like in other sectors, the allocation of the overall amount for the health sector is not justified in detail.

It should be noted that CIP could not replicate the figure for "total expenditure excluding debt service (Encargos Gerais do Estado, EGE)"[9] in the POE 2016 of 192 MMT. The EGE component is given as 38.2 MMT and deducting it from the total expenditure of 262.11 MMT should yield 223.9 MMT and not 192.2 MMT.

VI. Comparative Analysis with CIP's Previous Article[10]

As shown in Annex 1, the approved budget is in line with only a negligible part of the recommendations elaborated by CIP's Article, which shows that, in a scenario where the prices of the main raw materials for export register declines on the international market, it would

8 Citizen's Budget 2016.

9 According to the 2016 Budget Framework Paper (Documento de Fundamentação) "EGE" means *"Encargos Gerais do Estado, a.k.a. Encargos da Dívida Pública e Operações Financeiras"* = Public Debt Service and Financial Operations.

10 http://www.cip.org.mz/cipdoc%5C408_um_olhar_despesa_0115.pdf.

be almost impossible for the Government to maintain its optimistic expectations for revenue collection and justify the previous level of public expenditure.

Government own revenues (*Receitas do Estado*) as a percentage of GDP decreased by 0.1 pp (resulting from the reduction of nontax and earmarked revenue), i.e. to 25.9%, while the estimate proposed by CIP was 24.8%, reflecting mainly a reduction in tax revenue. CIP's re-estimated reduction of tax revenue to 20.9% was in fact ignored in the approved budget, where tax revenue was instead increased to 22.3% of GDP (maintaining its value of the POE 2016 in nominal terms). *CIP thinks this estimate is unrealistic and points to problems in the implementation of the budget in the months to come.*

It should also be noted that domestic credit was reduced relative to the POE by 40.6%, indicating a certain intention of the Government to manage its debt in a more rigorous way. However, the simultaneous reduction of foreign credits that took place is beyond government control, although it also marginally helps improve debt management.

With regard to personnel costs, while declining in nominal terms, they add 0.6 pp (from previously 52% in the POE to 52.6%) to total current expenditure, showing the difficulty the Government has in consistently applying its austerity policies.

In this context, there is still a need to assess what items of public expenditure will be cut precisely and the impact of this budget on the living conditions of the population. While there have been downward adjustments in nominal terms in some items and downward adjustments as a percentage of GDP in others, it is to be noted that the Government still hopes to raise additional revenue from taxes (not through increases in rates but through increases in volume). Therefore, it is crucial to monitor accuracy in revenue collection targets given the international economic conditions and cushion the possible negative impacts from the natural disasters that could affect the country.

VII. Conclusion

During 2016 the Government needs to pursue the goals set out in its Five-Year Plan (*Plano Quinquenal do Governo*, PQG) 2015-2019 with greater intensity, prioritizing the effective maintenance of peace as well as political and economic stability to preserve investor confidence; ensure greater consistency in the collection of revenue; put in place sustainable strategies to reduce the negative impact of natural disasters (a phenomenon already experienced); and stimulate domestic production.

The new Government began its term in 2015. It is noteworthy that that year was characterized by a broad-based decline in prices of Mozambique's principal export products, such as aluminum, cotton, gas and coal that reduced exports by 9.3%[11], aggravated by the exit of some countries from the Budget Support Group, lower foreign direct investment, strengthening of the U.S. economy (to the detriment of Mozambique's economy) and natural disasters that caused much damage, so that altogether they required a downward revision of GDP growth by the Government to 7% (with possibly a further decrease). In addition, the metical suffered a sharp depreciation (against the reference currencies), which demonstrated how vulnerable the Mozambican economy

11 Report on the General State of the Nation by the Head of State to the National Assembly.

is to external shocks, leading the present Government to adopt restrictive monetary policies[12] and resort to an IMF credit line[13] in order to contain pressures on the balance of payments. Unlike previous years, the collection of 2015 government revenue, although it was not that far short of the budget amount, did not exceed the initially set target.

Although 2015 was a difficult year for achieving the envisaged goals, the Government's effort to achieve the goals should be noted nonetheless. Of particular emphasis is the health sector, for reducing maternal and child mortality (in children under 5 years) with the introduction of new vaccines against Rotavirus, second Measles doses and inactive vaccine against polio, raising the vaccination coverage rate from 82% to 87%[14] (0.5 pp less compared to the target set for 2015 in the Government's PQG 2015-2019).

Finally, it is expected that with the access of Mozambique to the IMF credit line in 2016, a more rigorous budget execution will take place early on with prudent economic policies to allow the adjustment of the economy.

12 With the Bank of Mozambique raising the benchmark interest rate four times in less than 6 months. The last increase took place on February 15, 2016.

13 A Stand-by Credit Facility (SCF) for 18 months.

14 Report on the General State of the Nation by the Head of State to the National Assembly.

Annex 1. Recommendations Made by CIP on the 2016 Budget Proposal (POE 2016)

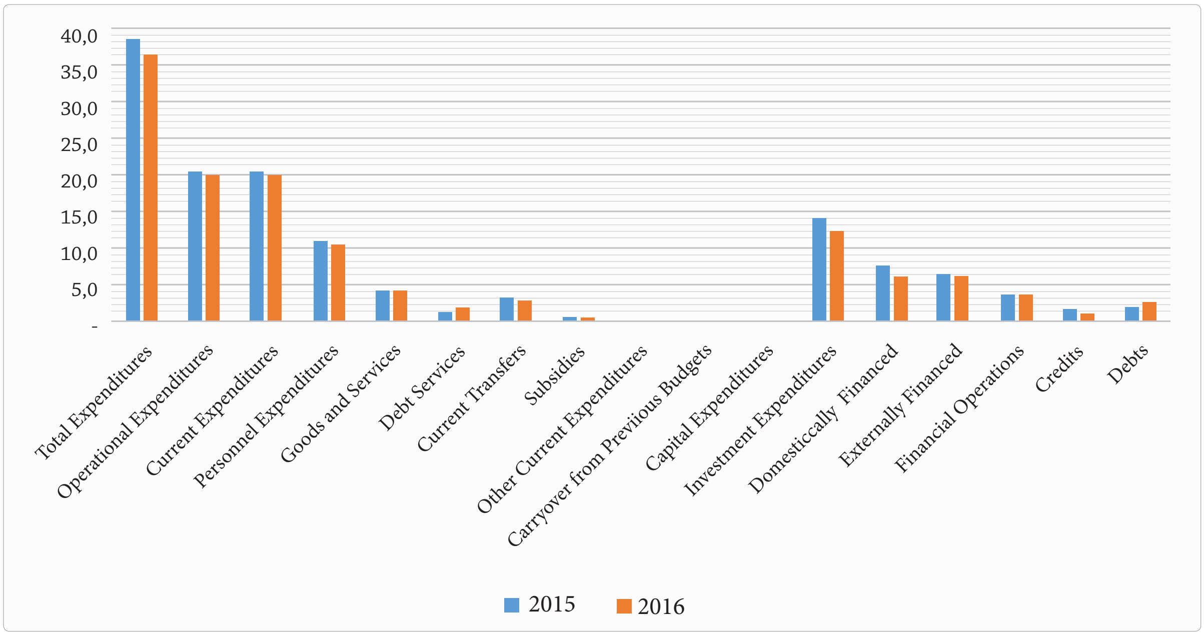
Recommendations in CIP's Article on the POE 2016	Actions taken by the Government in the context of the approved OE 2016
How will the Government justify the tax increase in the 2016 Budget and / or maintain the status quo of various taxes that are affected by the international economic conditions, when those international economic conditions are weakening?	The OE 2016 adjusted downwards certain macroeconomic indicators, but, in the opinion of CIP, does not do so sufficiently to cope with the latest developments in international economic conditions.
How can the Government justify the increase in the 2016 Budget and / or maintain the status quo of various taxes that are influenced by commodity prices, when these same commodity prices are weakening?	The OE 2016 did not adjust downwards own resources, nor even taxes that are influenced by the prices of raw materials, which, in the opinion of CIP, jeopardizes the successful implementation of the 2016 Budget.
One does not understand how the Government, according to trends indicated by the Executive itself, can estimate own revenues for 2016 of 26% (in view of the decrease of 1% of GDP shown in Table 3) when realistically they seem to be able to attain only 24.8%.	The OE 2016 only adjusted state revenues downwards by 0.1 pp of GDP, when, in the opinion of CIP, the adjustment should have been 1.5 pp of GDP.
Since the Income Tax is a very important tax for the Government's own resources, the Government should give a plausible explanation of why it only reached 44.4% of target (until September 2015). Such a trend indicates problems in achieving the amount estimated in the 2015 Budget Law and, therefore, the linked target in the 2016 Budget Law, which needs to be explained by the Government.	The OE 2016 did not adjust downwards the tax on income.
As a minimum, the Government should present the studies describing the actions to attain the financial impact to own resources in the Budget 2016. In the absence of such studies, one cannot justify the contribution of these actions to increase revenue.	The 2016 Budget does not contain enough details of the impact of specific measures to explain how to achieve the targets of own resources.
Given the trends in the international economic conditions, the Government should elaborate on how it arrived at these estimates. This Article doubts that this increase in volume (of international trade) will take place.	The OE 2016 did not adjust downwards revenue on goods and services, which, in the opinion of CIP, endangers the achievement of the revenue targets in the 2016 Budget.
The Government should take into account the fact that its own resources in the 2016 Budget are overestimated and, therefore, should stand ready to explain how it will cut expenditures when deficiencies in the collection of resources materialize, rather than just by increasing debt. The budget proposal does not show any intention of the Government to prioritize debt management in a rigorous and prudent manner. Responsible and disciplined management of public debt is needed to avoid another debt crisis like the one Mozambique suffered in the 1990s.	The amount of new debt, both internal and external, was reduced in the 2016 Budget. A reduction in domestic credit by 25.7% compared with the POE shows some intention of the Government to manage debt in a more rigorous way. However, the reduction of foreign credits is beyond government control (in a negative sense), although it also helps marginally to improve debt management.

Recommendations in CIP's Article on the POE 2016	**Actions taken by the Government in the context of the approved OE 2016**
The Government should respond to citizens how it will increase the transparency of these unfortunate transactions (EMATUM), demonstrating that it has sufficient control to avoid a repetition of transactions of this type that are harmful to the country—harmful both from a financial perspective as well as from a country image point of view. Specifically, the Government should respond to concerns what tax consequences and debt service charges this operation has for the Government and how this has been incorporated into the 2016 Budget Proposal.	The OE 2016 does not respond to citizens' concerns about the transparency of previous operations of public debt.
The Government does not show a lot of credibility by identifying too great a number of priorities –given its acute resource limit. As it is rather implausible that all the issues mentioned as priorities can be achieved in a single year, the Government should present responsibly those priorities that realistically can be implemented in 2016.	A concise presentation of the priorities regarding public investment programming is lacking.
The Government should answer the question "How, with an increase to 51.7% of the personnel costs in current expenditure, it will realize a decrease in the ratio to GDP of these personnel outlays: the outlays increase to 71.9 MMT, compared to 60.9 MMT in 2015; but of this increase of 11.0 MMT, only 2.6 MMT (1.9 MMT for new employees + 0.6 MMT impact of promotions and ascensions) are identified in the 2016 Budget Law.	Personnel outlays increased to 52.6% in the OE 2016 although they remain at 10.5% in relation to GDP. CIP feels that the increase implies that the Government does not yet see the need to apply more stringent austerity measures for this significant item, even in a situation of growing uncertainty in the OE 2016 regarding own resources.
The Government stays silent regarding the fact that the prioritization of expenditures has important classification failures: all outlays, for example in the areas health and education, are considered priority by the Government, without distinguishing between equipment for hospitals or schools (that is truly a priority) and the purchase of vehicles (that is not a priority and has control issues as regards usage, among others). The Government should present a more detailed classification in order to better evaluate the 2016 Budget proposal.	The OE 2016 does not yet show the necessary details in order to be able to properly classify what is pure social spending, for the purpose of separating expenditures in the social sectors that are not a priority (such as purchases of vehicles).
The Government should explicitly provide the resources derived from the extractive sector, including how the revenues paid in kind are monetized.	The OE 2016 does not yet present with sufficient clarity the resources derived from the extractive sector.

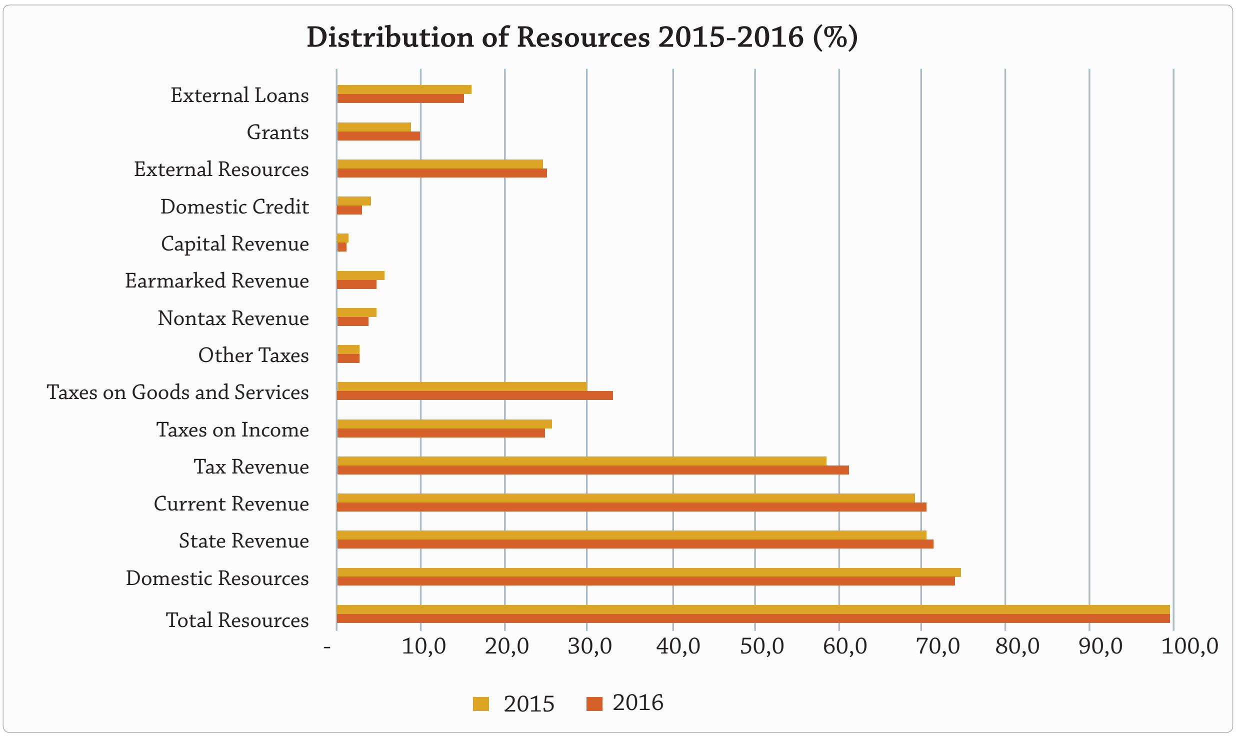
Annex 2: Comparison between the approved OE 2016 and Results of the OE 2015

Summary of the Comparison between the OE 2016 and results of the OE 2015

In comparison with 2015, total resources increased by 8.7% in 2016, while the Government's own revenues (*Receitas do Estado*) increased by 9,8%.



In 2016 the budget deficit will increase in nominal terms by 6,0%, equivalent to 6,6% of GDP as regards foreign and domestic borrowing, that is, a reduction of 1% compared to 2015.



As regards total expenditures in terms of GDP, there is a slight reduction of 1,9 pp, explained by the decrease of operational expenditures (*despesas de funcionamento*) of 0,2 pp and of investment of 1,7 pp.

Regarding the social sectors in 2016, total public expenditure increased by 12,4% (of the total allocated) (increasing from previously 62,5% to 66,6%) of total expenditure, excluding debt service and financial operations of the Government.

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