

KNOWLEDGE, RESEARCH AND POLICY GAPS: MOZAMBIQUE

Scoping Conference Social Inclusion and Sustainable
Growth: Learning from Mozambique



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Introduction

- IESE (Institute of Social and Economic Studies)

www.iese.ac.mz

- Our approach on social protection (SP)
- Part I: Context & structural setting
- Part II: What can be the role of SP beyond charity

#1 SOCIAL PROTECTION =? SOCIAL ASSISTANCE

2 PERSPECTIVES



Assistencialist

A set of public policies that assist individuals, households, and communities in improving risks' managing and that support the critically vulnerable

(World Bank 2009, p. 1)

Structuring

A set of social relations or mechanisms, including actions, initiatives and programmes aiming at ensuring a dignified human security and freeing people from 1) **insecurity**; and 2) **scarcity**

(Francisco 2010, p. 37)

Part I:

Context & Structure

#2: IS LIVING LONGER LIVING BETTER?

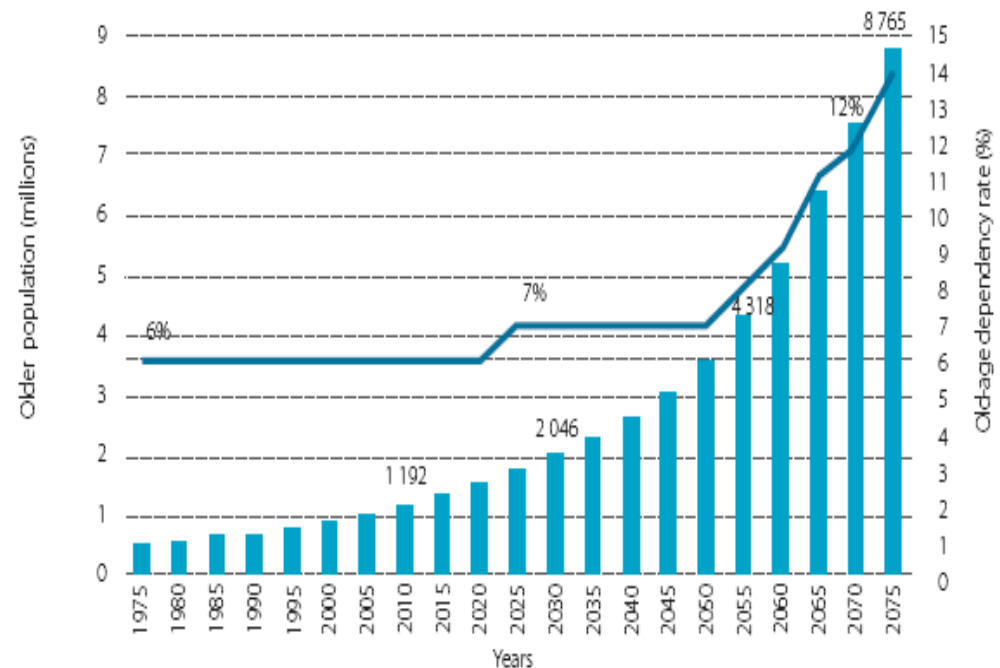


Growing old in Mozambique: Dynamics of well-being and poverty

António Francisco, Gustavo Sugahara & Peter Fisker

IESE 2013

Figure 4 – Older population and the old age dependency rate, Mozambique (1975–2075)



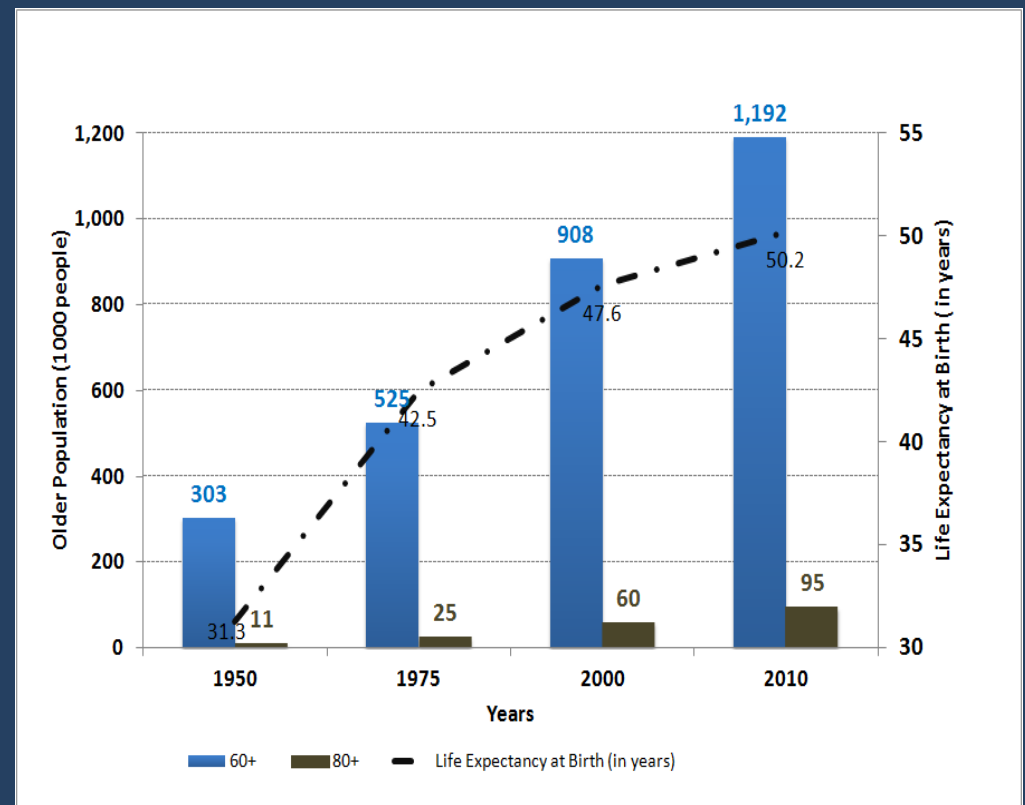
Source: UN 2010

#2: IS LIVING LONGER LIVING BETTER?

PERCEPTION

Everybody
wants to
live
longer,
so what?

REALITY



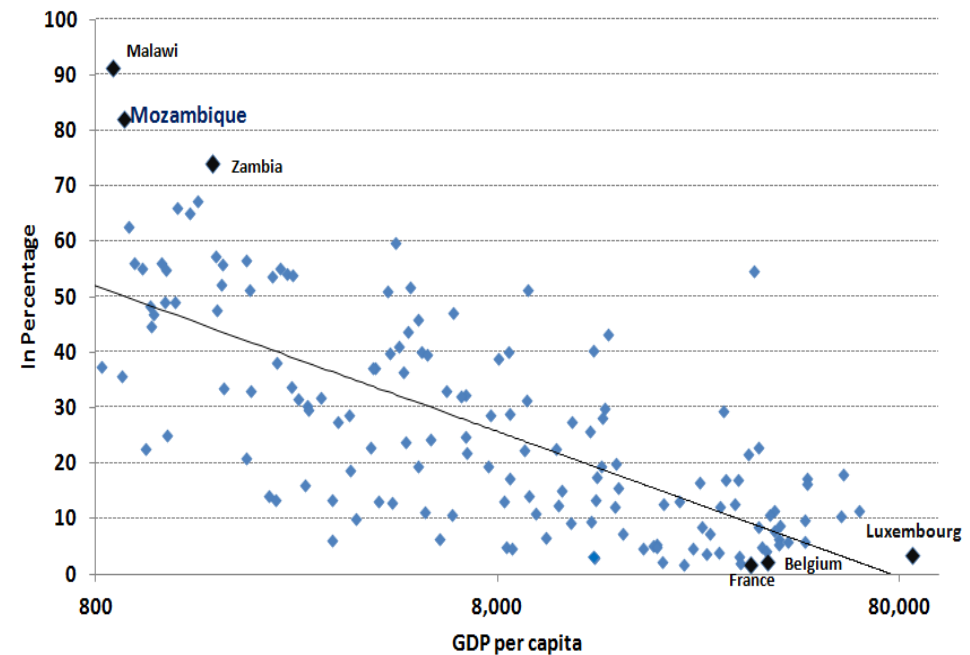
#2: IS LIVING LONGER LIVING BETTER?

PERCEPTION

Elderly
are
dependent
...
on who?

REALITY

Relationship between participation in the workforce of the elderly 65 and more years old versus GDP per capita, 2010



Source: International Labour Office, LABORSTA.

#3: HOW MANY ARE TOO MANY?

PERCEPTION

Having too many children continues to be the main form of social protection in Mozambique

REALITY



Children per Woman (2012)

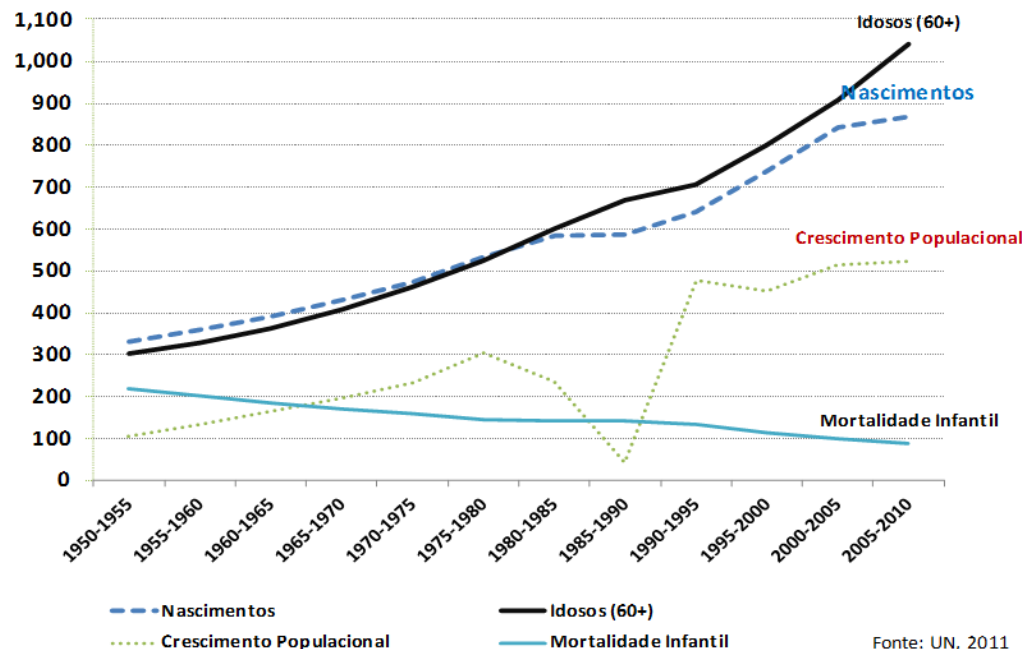


#3: HOW MANY ARE TOO MANY?

Growing Number of Children and Elderly

Figura 2: Comparação da Evolução dos Nascimentos, dos Idosos (60+)
Crescimento Populacional e Mortalidade Infantil, 1950-2010

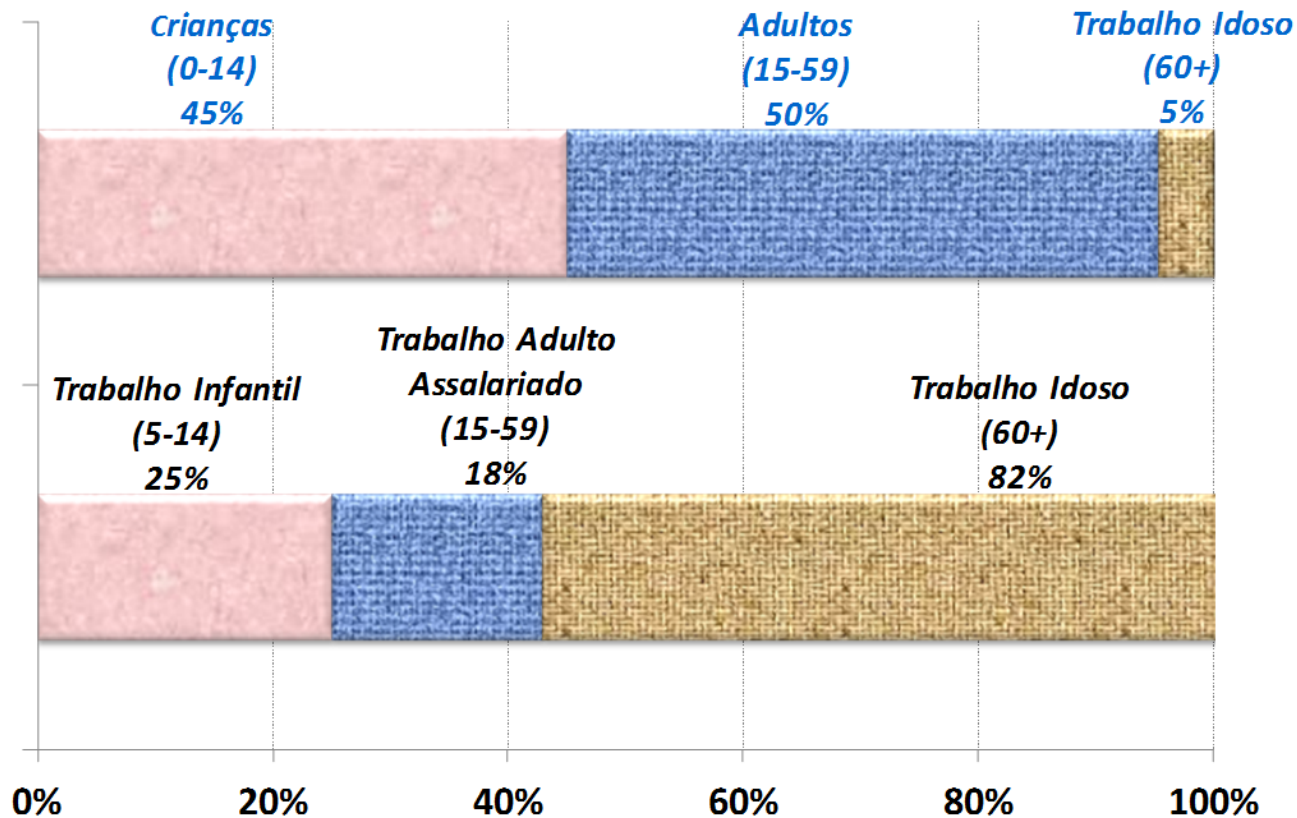
(em 1000 Pessoas)



Not so
much how
many
there are
but how
they live

#4: WHAT IS THE REAL PROBLEM?

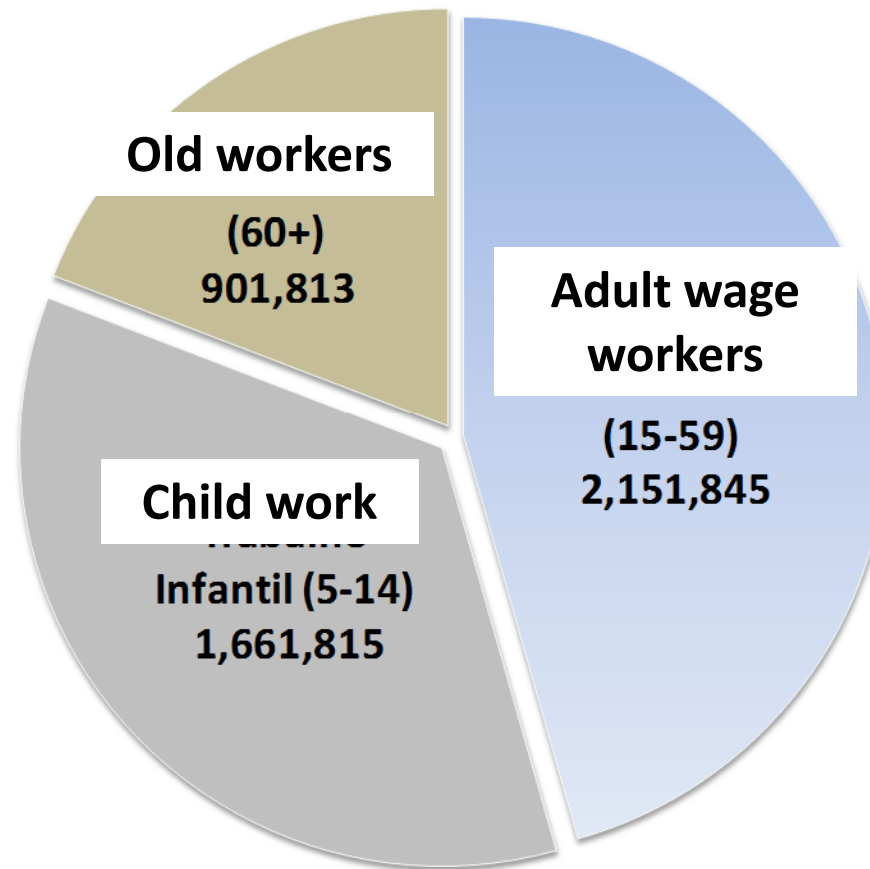
LOW PRODUCTIVE BASIS



Fonte: INE 2009, 2011

#4: WHAT IS THE REAL PROBLEM?

LOW PRODUCTIVE BASIS



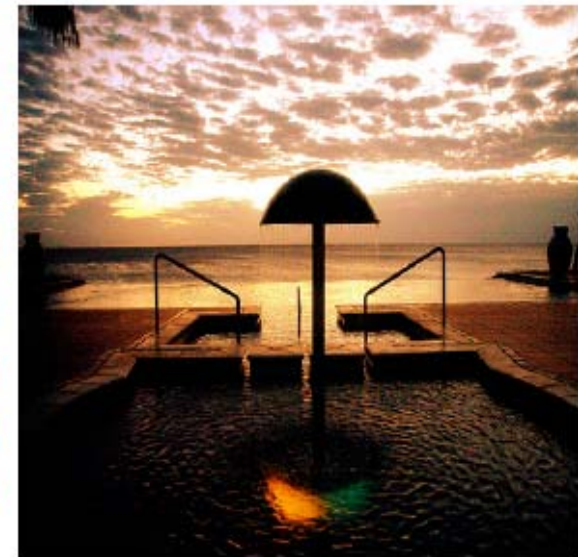
Fonte: INE, 2009, 2011

#5: GROWTH WITHIN STAGNATION

Mozambique: Between Stagnation and Growth

António A. da Silva Francisco

“Moçambique is maningue nice” has become an increasingly popular expression, especially within the urbanized Mozambican elite. However, the positive and promising image contrasts with another image, also true, but very different and not at all pleasant; the “Mozambique maningue nasty” concept, illustrated by the fact that about 60% of the population lives on less than \$ 1.25 per day, while only less than 20% has more than \$ 2 per day.



Mozambique: maningue nice or... maningue nasty?

dominates rural Mozambique: low level of productivity, lack of technology and consequently very low production and

take their desires, aspirations and interests as realities, and then take decisions or follow options based on these desires, instead of

#5: GROWTH WITHIN STAGNATION

PERCEPTION

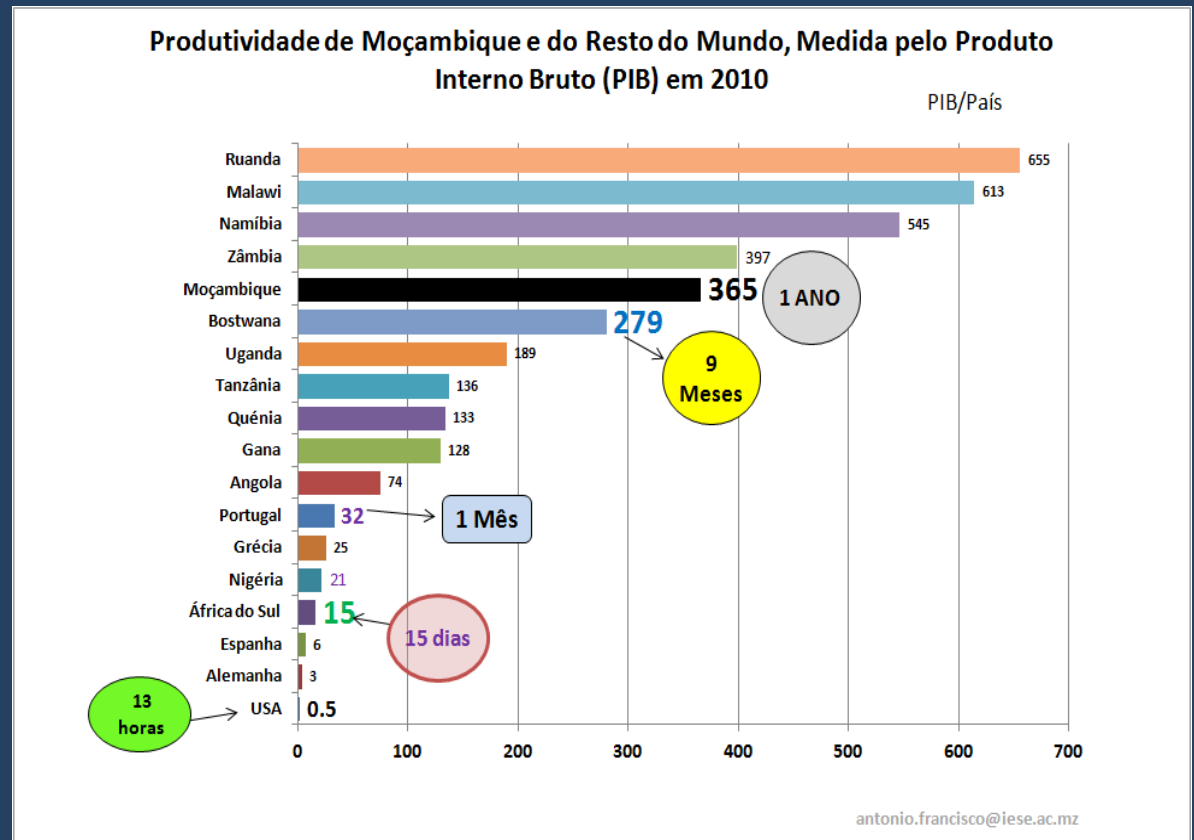
GDP_s

&

Moz's

Tiny GDP

REALITY



Part II:

What can be the role of
SP beyond charity?

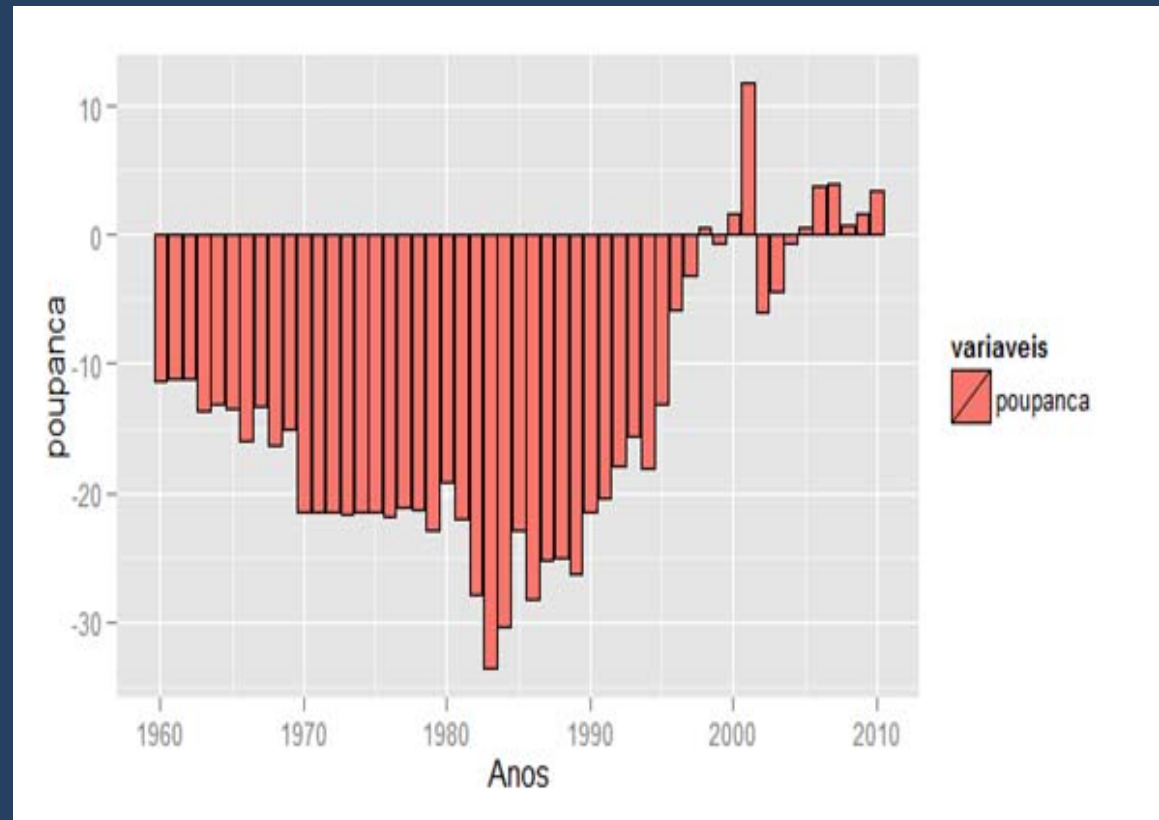
#6: CAN S.P. EXPAND DOMESTIC SAVINGS?

PERCEPTION

Where do
domestic
savings come
from?

Does it matter?
Who cares?

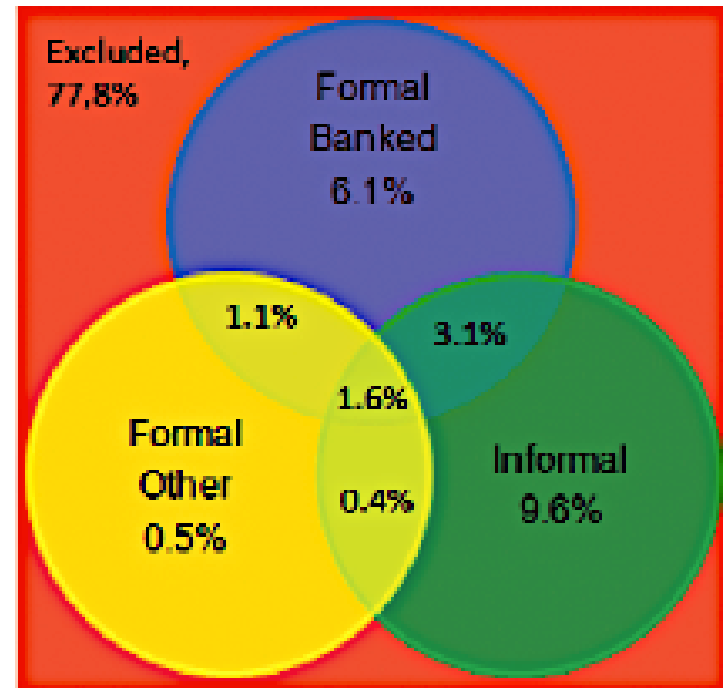
REALITY



#7: CAN SP EXPAND FINANCIAL ACCESS?

What kind of
Social protection
can be set up in a
context of a
Bankrupted
(1984) but not a
Failed State?

Graph 6 – Financial Access Strand Overlap



#8: THE THIRD CONFLICT HAS ARRIVED

PERCEPTION

Regional Workshop on Civil Society Building
Civic Action for Poverty Eradication

Key Triggers and Constraints for Civic Action in Mozambique:

Bad Things Come in Threes
("Não Há Duas Sem Três")

António A. Silva Francisco



22-23 April 2008
Johannesburg

AASF, Moz 22.04.2007

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REALITY

- 1) The independence war (1964-1974)
- 2) The civil war (1977-1992)

**Sliding back
towards yet
another
conflict...**

#8: DON'T WORRY, BE HAPPY

PERCEPTION

REALITY

Don't Worry, Be Happy?

"Don't Worry, Be Happy".

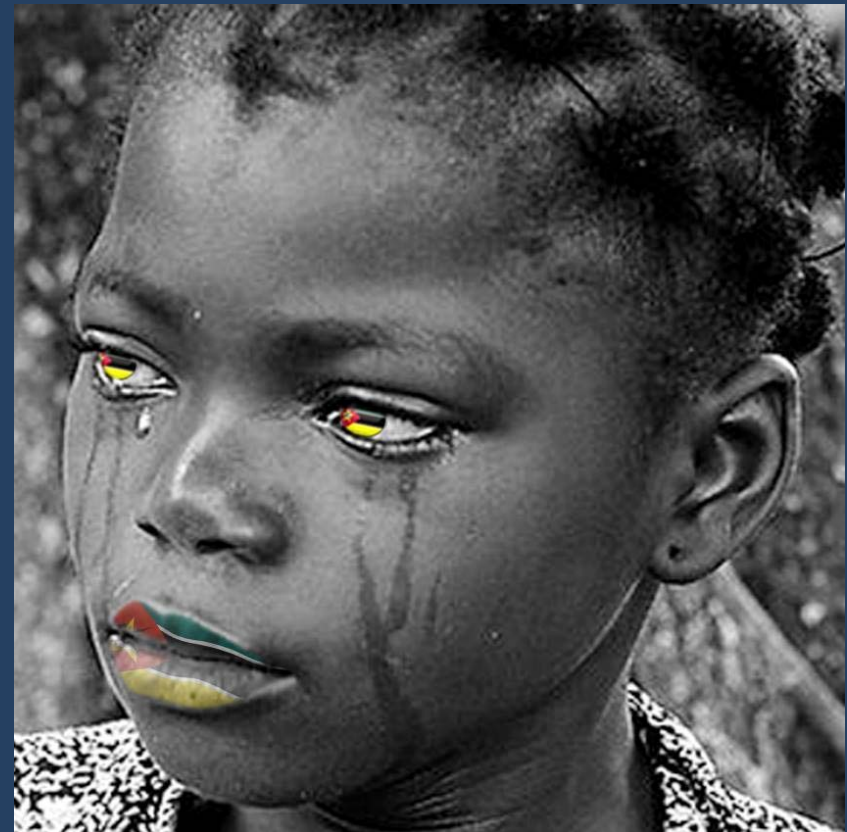


Mr. Bobby McFerrin's song



We might have to admit that some SADC's countries are increasingly becoming fans of Mr. McFerrin's moto:

*"... In every life we have some trouble
When you worry you make it double
Don't worry, be happy ...".*



#9: THE COST-BENEFIT OF DOING SO LITTLE

COST-BENEFIT OF THE ELDERLY

COST	BENEFIT
<ul style="list-style-type: none">• High fertility 6• Infant labor 22%• Old labor >80%• Magnitude high	<ul style="list-style-type: none">• Children Survival 1 or 2• Economic value high• self-subsistence Precarious• Quality of life low

The old social protection system breaking down: unfeasible and unsustainable

#9: THE COST-BENEFIT OF DOING SO LITTLE

Basic Social Action (BSA)

(excluding fuel subsidies)

~ 40 programmes

**\$ 184
millions**

(1,7% of GDP)

\$ 300 millions



#9: THE COST-BENEFIT OF DOING SO LITTLE

Productive Social
Action (PSA)

\$ 5,5
million

70% externo

\$ 5,7
million



#10: IS UNIVERSAL PENSION TOO EXPENSIVE?



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Dynamics of well-being
and poverty

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“Benefits meant exclusively for the poor often end up being poor benefits.”

(Sen, 1995)

#10: IS UNIVERSAL PENSION TOO EXPENSIVE?

	SCENARIOS			
	1	2	3	4
Type	Discriminatory charitable (200 MTs) PSA/PSSB	UNIVERSAL		
Per month (MTs)		500 MTs	767 Mts	2,300
(US\$s)	\$6.7	\$17	\$25	\$75
Total/year (US\$, million)	31	221	339	1,016
% PIB	0.2	1,5	2,3	7,0

Scenario 1: Discriminatory and Charitable Pensions Calculation (PSA/PSSB)

Annual Cost

- **0.22% of GDP** (gross domestic product)
- 937 Million Mozambique Meticaïs
(31 Million US dollars)
- 0.66% of government expenditure

Monthly Pension

- 200.00 Moz Meticaïs (**US\$ 6.7**)
- 17% of average income
- 13,8 PPP\$ (36% of international poverty line)

Coverage

- **301.683 beneficiary**
- 25% of population over 60 receiving benefit
- **1,3% of total elderly population**

**How much is
the current
scenario of
public support
for the
elderly?**

Scenario 2: If the PSA/PSSB were Universal, but also Charitable

Annual Cost

- **0.9% of GDP** (gross domestic product)
- 3.0 billion Mozambique Meticaïs
(**100 Million US dollars**)
- 3.2% of government expenditure

Monthly Pension

- 200.00 Moz Meticaïs (**US\$ 6.7**)
- 17% of average income
- 13.8 PPP\$ (36% of international poverty line)

Coverage

- **1,191,000** people eligible for benefit
- 100% of pop. over 60 receiving benefit
- 5.1% of total population receiving benefit

A universal pension, even though tiny, would have the merit of respecting the principle of universality, avoiding discrimination of the majority of eligible seniors.

Source: <http://www.pension-watch.net>

1 US\$ = 29.99 Moz Meticaïs; Administrative Costs 5%

Scenario 3: Universal Pension - How Much It Would Cost?

Annual Cost

- **3.4% of GDP** (gross domestic product)
- 11.25 billion Mozambique Meticaís
(380 Million US dollars)
- 12.11% of government expenditure

Monthly Pension

- 750.00 Meticaís **(US\$ 25)**
- 63.43% of average income
- 51.87 PPP\$ (135.78% of international poverty line)

Coverage

- **1.191.000** people eligible for benefit
- 100% of pop. over 60 receiving benefit
- 5% of total pop. receiving benefit

\$25 per month , about 25% of the national minimum wage, is believed to be the minimum value that can have a broad developmental impact, both economic and social (bargaining power).

1 US\$ = 29.99 Meticaís, Administrative costs 5%
Source: <https://www.pension-watch.net>

Debate

- What has been the role of research in addressing knowledge gaps?
- The issue of financing, generating revenues and its allocation - How to increase the resource basis under the conditions of widespread informality and the existing limited fiscal system?
- How a universal pension scheme could avoid the sort of problems faced by the contributively system (e.g. INSS)?
- The issue of legal and regulatory boundaries
- Challenges regarding the role of agriculture

