

**Social Protection in Mozambique:
A new imperative?**

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**Social Protection in Mozambique:
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Summary

Even before the impact of a global economic crisis kicks in, there is renewed thinking in Mozambique about a wider role for the state in social protection. Proponents are still struggling to convince others of the economic and social value of a broader investment in social protection. This is against the backdrop of institutional resistance borne of Mozambique's political and economic history.

The government attitude to social protection has been influenced by colonial experience of an extractive rather than protective state and the legacy of post-Independence events and processes. After Independence in 1975, initial social service expansion was heavily undermined by war-time destruction and economic collapse in the 1980s.

Post war, the Government's top priorities were to re-establish security and rebuild infrastructure. However, political and economic liberalisation in the 1990s saw tight caps on state spending. Poverty was so widespread and deep that there seemed to be little scope for special consideration of the 'poorest of the poor'... except for ad hoc initiatives, such as the food subsidy programme for the poor and unable to work.

In the last 15 years, Mozambique has experienced impressive economic growth and poverty reduction. Nonetheless Mozambique continues to rank amongst the world's poorest countries. Government is becoming more aware of chronic poverty and that large population groups are currently unable to escape the poverty trap. This raises debate about what can be done ... and promotes renewed thinking on social protection.

There are still many obstacles to a coherent and comprehensive approach to social protection. These include: analytical limitations around the causes, consequences and extent of vulnerability as well as the potential social and economic benefits of social protection; institutional barriers; budgetary limitations; and perceived political risk.

However, there is also a growing acceptance of the relevance and importance of social protection to reduce vulnerability, build resilience and contribute to poverty reduction. These issues need to be addressed at policy and practical level, if Mozambique is to effectively address the growing challenge of chronic poverty.

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Social Protection Policy in Mozambique: a new imperative?

Rachel Waterhouse & Gil Lauriciano

Introduction

Even before the impact of a global economic crisis kicks in, there is renewed thinking in Mozambique about a wider role for the state in social protection. Proponents are still struggling to convince others of the economic and social value of a broader investment in social protection. This is against the backdrop of institutional resistance borne of Mozambique's political and economic history.

Mozambique was united as a nation under Portuguese colonial rule from the turn of the 20th century. The colonial government ran a highly extractive regime providing little in the way of social welfare or protection. A brief period of Marxist-Leninist policies after national Independence in 1975 – when the Frelimo government sought to extend basic social services throughout the country – was soon superseded by economic collapse and war, followed by a tight reigning back of the state under structural adjustment.

Renewed thinking about a wider state role in providing for the consistent and comprehensive social protection of its citizens is still emergent and controversial. This paper gives a brief overview of the political and institutional context in which this debate is gaining significance.

Historical background

Colonialism, war and emergencies

Perceptions in Mozambique about the role of the state in providing social protection is influenced by a harsh colonial experience in which the state provided little in the way of welfare to any of the indigenous people. The Portuguese colonial government ran a highly extractive regime, not only exploiting the natural resources but human resources as well; exporting male labour to South Africa and (the then) Rhodesia as well as conscripting forced labour for foreign owned plantations and other works. Education and health care, such as they were, were largely provided through the Church.

Despite their policy of 'assimilation', whereby certain Africans - principally those who collaborated with the Portuguese administration - were given privileged access to official schools and universities, the Portuguese colonial authorities stifled any development of a Mozambican middle-class. By the time of National independence from Portugal, only a tiny handful of Mozambicans had higher education qualifications.

Thus, when the Liberation Front of Mozambique (Frelimo) took power at Independence, one of its key concerns was to build the human capital of the country. Guided by Marxist-Leninist politics, Frelimo's aim was to promote rapid growth and development. The state was to play a leading role through social planning and centralised control of the economy. Industry would be the motor of development, with the agricultural sector providing the raw material and necessary labour in its support. Alongside the exodus of Portuguese officials, technicians and businessmen, Frelimo carried out widespread

nationalisation – of everything from large-scale industry to commercial farms and barber's shops.

The first years of Independence saw a massive expansion in state provision of social services, particularly health care and education. Church run schools and health centres were taken over by the state, many barriers to access were removed and the Ministry of Health organised large scale, free vaccination campaigns for child immunisation. Agricultural production was heavily subsidised: state investment, however, went to an inefficient and soon to prove unsustainable sector of state run agricultural enterprise.

In its attempt to engineer socio-economic planning, the Government created 'communal villages' in many parts of the countryside – with the idea that if people were settled in one place then service provision such as health and sanitation would be easier. Resettlement into communal villages, however, soon began to take on a politico-military significance as well, as insecurity spread in the countryside.

With extremely low human capital within the country to replace the exodus of educated Portuguese, failed attempts at heavily centralised economic management, and the hostility of neighbouring countries such as apartheid South Africa and Southern Rhodesia who supported armed insurgency in Mozambique, the country soon descended into economic crisis and war.

War and massive population displacements, coupled with natural disaster, in turn, brought repeated hunger crises throughout the 1980s. Large scale emergency relief began a pattern of emergency appeal and response that continues to influence the institutional culture of both Government and donors in Mozambique. Namely, there is a persistent tendency to respond to extreme transient vulnerability with emergency measures – whilst long term chronic vulnerability and poverty are under-analysed and poorly addressed.

Post-war reconstruction and growth

By the time a Peace Accord was signed in October 1992, between Frelimo and the 'Mozambican National Resistance – Renamo' opposition, the country seemed like an archipelago where travel between one urban centre and the next was only possible by air. A devastating 16 year war had sent some four million people into refuge in neighbouring countries whilst hundreds of thousands of others were internally displaced. Roads and bridges had been destroyed, as had over one third of schools and health centres.

The peace process, resulting in the country's first ever multi-party democratic elections in 1994, accompanied a broader process of political and economic liberalisation including IMF and World Bank guided economic reform. This began in the late 1980s with a Structural Adjustment Programme (SAP), intended to curb rampant inflation and put the economy back on its feet through a tight restriction on government spending, privatisation of state enterprise and state owned assets and constricting the role of the state. By this time, Mozambique was dependent on foreign aid for most of the state budget as well as emergency relief; a trend that only intensified with the huge demands of post-war reconstruction.

Post war economic policy in Mozambique focused initially on reconstruction and increasingly on poverty reduction through growth. The SAP and its focus on economic

stabilisation gave way to the national Action Plan for the Reduction of Absolute Poverty - PARPA (the country's PRSP) with the first PARPA running from 2001-2005 and the second PARPA II approved in May 2006 covering the period 2006-2009. The main policy focus of the PARPA has been and continues to be on promoting economic growth through market liberalisation, fiscal restraint and improving the environment for the private sector.

National data suggests that the first PARPA enjoyed considerable success. Comparing data from the First National Poverty Assessment, collected in 1996-97, with data from the 'Second National Poverty Assessment'¹ collected in 2002-03 shows an impressive decline in the national poverty head count. Absolute poverty (the number of people living on less than US \$1.00 / day) fell from 69% of the population to 54% during this period. Further analysis by the Ministry of Planning notes that income inequality increased, but only very slightly, suggesting that there was broad-based poverty reduction.

Economic growth looks highly impressive for the same period: from 1996-2002 the economy grew by a cumulative 62% according to official statistics (MPF 2005a). Note is rarely made, however, of the fact that these calculations of growth relate to an extremely low and depleted economic base following the war years. Indeed, Mozambique had still not regained its pre-war production levels by the time this data was collected.

Much of the 'spectacular' economic growth in the decade after the end of the war can be attributed to post-war recovery. Reconstruction of roads and bridges, rehabilitation and expansion of telecommunications and electricity networks and recuperation or rebuilding of the health and education infrastructure gradually wiped out the vestiges of war, particularly in the rural areas. Increased physical security allowed the resurgence of rural production and trade.

Despite this success story, there are worrying trends that bode ill for poverty reduction in the future. Debate around these trends is contributing to fresh thinking on social protection.

Policy trends and concerns

PARPA policy and outcomes

Despite its impressive growth record, Mozambique is still one of the poorest countries in the world, ranked 175th out of 179 countries on the UN's human development index in 2008². Life expectancy at birth is only 42.4 (2006 figures), adult literacy 43.8%, while GDP per capita (measured by purchasing power parity - PPP) was US\$ 739/year for 2006. Over half the population still live in 'absolute poverty' and over a third of households are highly food insecure³.

In other words, absolute poverty is still a critical problem and poverty reduction remains a formal policy priority for Mozambique.

¹ Ministry of Planning and Finance 2004

² http://hdrstats.undp.org/2008/countries/country_fact_sheets/cty_fs MOZ.html

³ The prevalence of high vulnerability to food insecurity in Mozambique is of 34.8% of households, where 20.3% are classified as highly vulnerable and 14.5% are classified as very highly vulnerable (SETSAN 2007)

The key policy framework for the Government's response to poverty and vulnerability is the Poverty Reduction Strategy, the PARPA. As with its predecessors, the current PARPA II focuses on poverty reduction through economic growth and liberal market economics, on fiscal stability and the role of Government in policy formulation and monitoring.

Nonetheless, PARPA II reflects a more nuanced view of poverty than the first PARPA. In contrast to the early phase of structural adjustment and retraction of the State, PARPA II includes important emphasis on the state's role in basic social service provision. There is also a more explicit recognition that persistent poverty is intimately linked to deep rooted causes of vulnerability including: high levels of food insecurity and malnutrition, increasing numbers of orphans and vulnerable children and of people living with HIV/AIDS (PLWHA), exposure to recurrent natural disasters and discrimination based on gender and other factors such as HIV+ status.

In PARPA II, this awareness translates into concern to address the specific needs of sub-categories of different social groups seen as the most vulnerable to extreme poverty, within the majority poor population. Issues of 'cross-cutting' concern identified in the PARPA include food and nutritional security, HIV/AIDS and gender inequality.

These developments, however, fall short of a comprehensive vulnerability analysis or a review of the approach to poverty reduction.

The approach to poverty reduction is a matter of on-going debate. In policy dialogue between the GoM and the 'G19' group of donors supporting PARPA II implementation through direct budget support, there is concern with the current patterns and distribution of benefits from economic growth. Some donors argue that, immediately after the war, poverty was so widespread and extreme there was little opportunity to focus on the needs of the 'most vulnerable' within the vast majority poor population. With a strong performance in growth and rising incomes, however, there is growing concern with the huge – but un-quantified – numbers who are increasingly being left behind. .

In a recent analysis of poverty reduction in Mozambique, the World Bank identifies serious obstacles to continued, broad-based poverty reduction (Fox 2008). Post war poverty reduction, it argues, was largely driven by agricultural growth on the basis of improved basic services and expanding area under cultivation. The rural poor have also increased their income through diversifying agricultural production and diversifying their income sources through off farm or non-agricultural activities. Men have been far more able to achieve this than women, whose opportunities are particularly limited by labour constraints, lack of education and lack of economic resources.

Yet increased agricultural production through expanding the cultivated area, the World Bank argues, has probably neared its limit in terms of potential to bring about further sustainable poverty reduction for small scale farmers. The critical constraint for the future is resolving low productivity.

The study notes that small holder farmers who are unable to diversify their sources of food and income tend to be the poorest. Vulnerability to droughts and floods can leave rural households dependent on subsistence crops without food for the present, and this

increases their vulnerability for the future as they are forced to draw down on any remaining assets whilst malnourishment affects health, productivity and education.

Already, the report finds that:

“Evidence is emerging that a sub-set of rural households, usually those in more remote areas, are becoming trapped in poverty” (13)

Lack of labour and assets make the poorest rural households particularly vulnerable to internal and external shocks, compounded by geographic isolation. Female headed households feature strongly within this ‘sub-set’. The study argues that poor rural women have been least able to either move out of agriculture or diversify away from subsistence food production. This is leading to an increasing feminisation of rural poverty. Households with disabled members, a high ratio of dependents and with elder heads of household are also predominantly amongst the very poorest.

Additional research finds evidence of growing income inequalities in both rural and urban areas; with particularly sharp inequalities emerging in urban areas, especially Maputo (Boughton et al 2006; Hanlon 2007; Mlay 2006; Chr Michelsen Institute 2007). Analysis of rural income data has suggested that from 1996-2002 all income groups experienced an overall increase in income; but 73% of the increase went to the richest quintile, only 3% to the poorest and only 4% to the second poorest (Boughton et al, 2006, cited in Hanlon 2007).

Response to vulnerability and chronic poverty

So far the policy response to vulnerability and evidence of chronic poverty has been very limited, beyond short term measures to address the immediate needs of specific vulnerable groups. There has been no significant review of the implications for economic policy.

For instance, the agriculture sector response to food insecurity and chronic poverty in the rural areas is encompassed within the ‘Food Production Action Plan (Plano de Acção para a Produção de Alimentos PAPA) approved by the Council of Ministers in 2007. In response to low production and productivity in agriculture, the PAPA sets ambitious targets for increased food production over the next three years. This will be supported by delivery of public services and improving market access, according to the Plan.

However, the PAPA shows no evidence of socio-economic analysis of producers in Mozambique, 99% of whom are small-scale producers, or the differing constraints that different farmers face. With its current approach, the PAPA is likely to further increase inequality by focusing service provision and resources on those better-off farmers who already enjoy market access.

On the other hand, no comprehensive strategy exists to build the capacity and resilience of the large proportion of poor and vulnerable rural households and individuals who are marginalised or lack capacity to benefit from the market.

Social Protection Policy

Social protection policy to date has been a marginal addition to, rather than a central theme of Mozambique's poverty reduction strategy. This approach relates back to Mozambique's history of colonial rule and the Government's failed attempt after national Independence to provide free basic services to all Mozambicans. These efforts collapsed in the midst of war and economic crisis, eventually leading the Government to make a radical shift from centralised state planning to liberalisation. State subsidies were removed from food stuffs and agricultural marketing, and user fees were introduced for services.

Beyond social insurance (pension schemes) for workers, social protection was limited to emergency response (short term distribution of aid in the face of crisis or famine); and a gradually growing number of social assistance programmes narrowly targeted at specific, destitute vulnerable groups. A 'Food Subsidy Programme' was introduced to assist destitute people left with no means of support when food rations were abolished.

A wide array of programmes and projects now exists. A recent review of the framework for social protection in Mozambique notes "a substantial range of state social protection provision, although coverage is limited".

In 2007, the Government of Mozambique approved a new Social Protection Law outlining a three pillar social security system. The first pillar is basic social protection, under the direction of the Ministry of Women and Social Action (MMAS), a second pillar is social insurance under the Ministry of Labour, and a third pillar is constituted by complementary social protection initiatives undertaken by a variety of stakeholder, including the private and voluntary sectors.

Social assistance is largely seen as and managed separately from emergency relief and disaster mitigation.

There is some commitment in PARPA II to expand social protection coverage; through social insurance on the one hand, and social assistance on the other hand. The recognition of gender inequality as a cross-cutting issue also suggests a concern with social equity; although there are no binding measures to ensure that gender equality is effectively promoted in practice.

The PARPA II allocates additional resources to social protection, principally for building the institutional capacity of the Ministry of Women and Social Action (MMAS) as the lead ministry for social assistance. Nonetheless, only 0.6% of total expenditure under the state budget goes to direct social assistance. Existing commitments fall far short of a comprehensive social protection policy.

Beyond the PARPA, specific policies and institutional bodies have been created in response to regional and international rights instruments to which Mozambique is a signatory. Thus the National Action Plan for Orphans and Vulnerable Children approved by the Council of Ministers in 2006 responds to commitments under the UN 2001 Declaration and other international instruments on child rights. In 2006 Mozambique signed the Livingstone Declaration on rights of the elderly and has developed a national action plan on promoting these rights.

Although Mozambique is signatory to the Universal Declaration of Human Rights, however, which recognises social protection as a right, it is not treated as such in the PARPA. At the macro level of Government policy social protection is still viewed as a privilege.

Institutional arrangements for social protection

The division of institutional responsibilities within the state broadly reflects a linear approach to addressing vulnerability, through different programmes of assistance to narrowly defined categories of vulnerable group.

Social security

Social security arrangements (obligatory social protection) have been covered almost exclusively through two parallel government systems. Pensions, sickness and invalidity benefits for private formal sector employees are covered by the Ministry of Labour; whilst the Ministry of Finance administers a similar scheme for civil servants. The Law on Social Protection passed in 2007 focuses on the regulatory framework for social security schemes and private pension funds. It pays little attention to other aspects of social protection. The Ministry for Women and Social Action (MMAS), the Ministry with the main remit for social assistance, argues that they were scarcely consulted in the preparation of this law (MMAS Senior Official, personal communication).

Besides social security, formal sector employees are also covered by minimum standards legislation providing for a minimum wage, maternity and breast-feeding rights for women and prohibiting discrimination against people living with HIV/AIDS (PLWHA). Formal sector employment, however, accounts for only a little over 5% of the economic activities of the adult population.

Social assistance

General responsibility for social assistance rests with the recently redefined Ministry of Women and Social Action (MMAS, created in 2005); formerly the Ministry of Women and Coordination of Social Action MMCAS (since 1999). MMAS includes the National Directorate of Social Action (DNAS) as well as the National Directorate of Women (DNM) which oversees specific social assistance projects aimed at vulnerable women. DNM also has responsibility for orphans and vulnerable children (OVCs).

DNAS is officially responsible for policy, co-ordination and oversight of social action, whilst the National Institute of Social Action (INAS) is responsible for policy implementation and programmes. INAS was set up in 1997, replacing the former Office for Support to Vulnerable People (GAPVU) within the Ministry of Finance. INAS has delegations in all the provincial capitals, and in some provinces has 2 delegations.

The division of roles and reporting procedures between MMAS and INAS is complex and fairly confusing. Both are represented at provincial level, whilst MMAS also has district level representation though with very limited staffing and resources. INAS delegations (19 in all) report directly to INAS at central level; but also maintain communications with the Provincial Directorates for Women and Social Action, responsible for monitoring implementation of social assistance programmes. INAS depends on MMAS for political representation, for example to the Council of Ministers. Yet, the largest INAS run

programme, the Food Subsidy Programme – PSA (actually a cash transfer) is funded directly by the Ministry of Finance to INAS and funds do not go through MMAS⁴.

Apart from the food subsidy, INAS runs a number of other social assistance programmes (INAS 2006). These are divided into two categories. ‘Social Assistance Programmes’ are aimed at destitute people unable to work and include the PSA; the Direct Social Support Programme (PASD) provides material support, generally in the form of basic food needs and school materials for individuals in need of immediate support, including disabled people, vulnerable children and disaster victims; and institutional support (e.g. orphanages).

‘Socio-economic development programmes’ are aimed at the destitute with capacity to work and include the Social Benefit for Work Programme (BST) providing income earning opportunities; Income Generation providing cash grants or credit for individual or household level activities; and the Community Development programme providing grants for small-scale infrastructure such as health posts or grinding mills.

Besides provisions under MMAS, there is some social assistance provision through sector ministries and this is managed through separate arrangements specific to each ministry, particularly Health and Education. In Education the main approach has been to provide an increasing range of services without charge, such as textbook provision and removing registration fees. Specific support to OVCs is being piloted. In Health the approach has focused on universal exemption for specific categories of illness and population group (e.g. children under 5).

Emergency response to extreme transient vulnerability

Emergency or crisis situations related to climatic factors and events such as floods, drought or cyclone are dealt with through a separate institutional structure; formerly through the Department for the Prevention and Fight Against Natural Disasters (DPCCN); now restructured as the National Institute for Disasters’ Management (INGC).

The INGC is tasked with collating and assessing information on the potential for natural disaster (e.g. hydrometric information) and the vulnerability risk (e.g. information on the existing food security situation in disaster-prone areas). It is responsible for co-ordinating relief efforts, mainly donor-funded inputs such as food and basic goods. The Master Plan (2005-09) sets out three objectives:

- reduce vulnerability to hunger due to drought
- reduce loss of life and property due to natural disasters such as floods and cyclones
- minimise suffering caused by natural disaster (INGC n/d).

The INGC sees its role as not only coordinating and implementing the response to transient vulnerability but also as providing (at least part of) the response to chronic vulnerability in semi-arid rural areas – most of the south of Mozambique - a role which it hopes to develop and expand over the next 10 years.

⁴ See Johnson & Selvester 2006; and Johnson 2006, for further details.

Cross-cutting issues

HIV/AIDS, food insecurity and gender equality have been defined as cross-cutting issues that require a multi-sector response (PARPA II). A number of bodies and forums have been set up to provide leadership and coordination – with varying degrees of success.

SETSAN, the multi-sector Secretariat for Food Security and Nutrition, has a mandate to co-ordinate all actors (state and non-state) in actions aimed at ensuring food security. However, it has limited status and authority. Initially part of the (then) Ministry of Planning and Finance, SETSAN was later relocated to the Ministry of Agriculture where it is institutionally subordinate to the National Directorate for Agriculture (DNA): i.e. it is now a department within a directorate within a Ministry. Until recently, its main function has been gathering information on vulnerability to food insecurity in disaster affected or disaster prone districts of the country.

SETSAN includes an information gathering department and a policy department. Each of these works through a number of technical sub-groups which should also serve as forums for inter-sector collaboration. To date, the information gathering arm is seen as more effective than the policy department, generally considered to have limited influence.

Nonetheless there are some good examples of multi-sector collaboration under SETSAN, if not exactly co-ordination. Working groups of the SETSAN information department include the Vulnerability Assessment Group (GAV) and the Group for Early Warning which provide key data for INGC. They also include the food and nutrition security and HIV/AIDS working group, SANHA, with representatives from INAS, the National Council for the Fight Against HIV/AIDS (CNCS), and the Ministry of Health (MISAU) department dealing with home-based care.

SANHA has overseen development of a 'Procedures Manual' to help social protection programmes and activists to identify vulnerability linked to HIV/AIDS, with recommendations for areas of activity related to food security and HIV/AIDS and guidance on providing referral. The Manual was funded by the CNCS and piloted by INAS; thus presenting a good example of the possibilities for cross-sector collaboration.

The CNCS has a mandate to coordinate the national response to HIV/AIDS, including prevention, mitigation and care; however many stakeholders see it as having limited political influence with other government institutions. Meanwhile the division of roles and responsibilities has been unclear in relation to the Ministry of Health; especially with increasing emphasis in the national response on access to treatment.

In terms of promoting gender equality, the National Council for the Advancement of Women (CNAM), chaired by MMAS, has the mandate to coordinate actions across all sectors.

Despite a wide array of programmes and coordination mechanisms, however, coverage of social protection initiatives is extremely limited and coordination in many respects remains weak. Pension schemes only cover workers in formal employment – less than 5% of the total workforce – whilst formal sector employment is, besides, largely male dominated. Government funded social assistance schemes reach only a fraction of the people that ought to be eligible according to target group criteria. Institutional

arrangements remain fragmented and there is lack of serious dialogue between key players such as INGC, MMAS and the Ministry of Labour.

A recent SETSAN study finds that in general⁵, social assistance is not reaching the most vulnerable population groups, namely people without any regular means of income (SETSAN 2007).

Potential benefits of social protection – regional experience

Whilst coverage is still weak and coordination limited in Mozambique, social protection is climbing up the agenda as a key policy instrument, not only here but throughout the region. There is a growing realisation that predictable social transfers (as opposed to ad hoc emergency aid) can have great benefits in helping to reduce poverty, risk, and vulnerability.

There is a scattered, but growing portfolio of social protection initiatives that are proving this point. These includes initiatives to assist the destitute poor and unable to work, as well as the destitute poor with capacity to work.

In Lesotho, for instance, the Old Age Pension was established in 2005 and provides a monthly grant. It is fully funded through the national budget. The pension is non-contributory and began as an entitlement for all citizens over 70 years old. In practice, it was found that the benefits extend beyond pensioners to other household members. On the one hand, it reduces dependence of the elderly person. Furthermore, in a context of high incidence of HIV/AIDS and where many orphans and vulnerable children live with their grand-parents, the pension has helped elderly carers ensure that children have access to health care and education. According to a recent study, some 10,000 school children nationally received some educational support from the pension money (RHVP 2007). Lesotho now plans to reduce the age of beneficiaries to include more people. Swaziland has also introduced a universal non-contributory old age pension.

Predictable social transfers shift spending power from upper income groups to the poor. In South Africa, social transfers have reduced the poverty gap by 47 per cent. Data from the South African Income and Expenditure Survey of 2000 meanwhile indicated that a full uptake of the state old age pension, disability grant and child support grant would reduce the Gini coefficient from 63% to 60%.

Predictable social transfers provide a stimulus for economic growth. They allow households to plan ahead and can save households from drawing down on their key productive assets when there is a crisis. In Ethiopia, following years of repeated emergency appeals in response to drought and famine, the Government with the support of a long term commitment from donors set up the Productive Safety Nets Programme. This includes a subsidy for poor people to participate in public works. The public works are planned together with the local community and involve water shed management, bringing long term benefits to the entire community through improved water management and soil fertility. This is helping to reduce vulnerability and raise incomes in the long term.

⁵ The one exception is the INAS Food Subsidy Programme, reaching 140,000 mainly elderly destitute people.

Obstacles to a comprehensive social protection programme in Mozambique

Despite a growing body of positive regional experience in the development of broad social protection policies and programmes, this endeavour still faces many challenges in Mozambique. These include: lack of political will, limited awareness and analysis around the causes, consequences and extent of vulnerability as well as the potential social and economic benefits of social protection; institutional barriers; budgetary limitations; and perceived political risk.

Political resistance

Obstacles to a more coherent and comprehensive approach to social protection in Mozambique include lack of political will and a commonly held view of senior politicians and civil servants that the poor should help themselves out of poverty. In part, this reflects the colonial heritage and the lack of tradition or experience of the state in playing a social protection role. It also reflects a fear that undeserving people will become dependent on hand-outs – suggesting limited analysis of the causes of vulnerability in Mozambique as well as an undifferentiated view of the poor who are and are not able to work.

There has been particular resistance to cash transfers. In 2007, for instance, MMAS applied for World Bank funding for a programme to support OVCs. This programme was initially envisaged as a cash transfer programme; but MMAS later retracted:

“On reflection we realised a cash transfer might not be used for the intended beneficiaries, eg fathers might drink the money and children might gain bad habits through access to cash at too early an age” (Chair of the OVCs Working Group).

Similarly, despite positive evaluations of a one-off cash transfer to flood victims in 2001, funded by USAID, the INGC argues that “this was a disaster”. According to its Director, cash transfers were not appropriate as emergency relief because it would confuse people and they would consume the money on unnecessary goods rather than invest it wisely.

Analytical limitations

There is no broad analysis of vulnerability in the PARPA (as distinct from poverty) or of its structural and institutional causes.

Broadly speaking, government stakeholders are not as yet well versed in the economic arguments for social protection and to some extent this is seen as a luxury that can only be afforded after investments in ‘development’. This attitude is compounded by the lack of a comprehensive evidence base on vulnerability and the case for social protection, government officials’ limited technical knowledge in this area and lack of exposure to experience from other countries.

Related to this, there is enormous reluctance to institutionalise social protection as a right: both on economic and political grounds. Within the PARPA model, of poverty reduction through growth, social protection is not yet seen as making any contribution to growth. On the contrary it is seen by many as detracting from the opportunities for growth, particularly regarding social assistance to the destitute and unable to work.

The conundrum is further reinforced by tightly capped limits on public services spending and the civil service wages bill under financial agreements with the IMF; as well as weak fiscal solvency of the Government. Projections for tax revenue suggest the GoM falls far short of any mid term possibility to fund essential social services from domestic revenue. Meanwhile, the continued heavy dependence on foreign aid contributes to wariness about institutionalising new policies on the back of donor money that may be withdrawn or discontinued.

Institutional barriers

Institutional arrangements for social protection in Mozambique are “fragmented and complex” (Selvester & Johnson 2006). There is an ambiguous distribution of responsibilities between different Ministries and subordinate institutions, whilst institutional rivalries exist that to some extent seem to inhibit coordination.

In terms of transitory vulnerability provoked by natural disasters, the Government is taking strides towards a more consistent approach based on disaster preparedness and longer term mitigation instead of relying solely on emergency aid. The National Institute for Disasters Management (Instituto Nacional de Gestão das Calamidades - INGC) now draws up an annual contingency plan. Its five year Master Plan includes commitment to improved water management and supporting the diversification of income sources in the semi-arid zones of the south in order to reduce vulnerability to drought and floods. It is not clear, however, how this strategy is coordinated with the other responsible government institutions and programmes.

This issue seems to reflect a wider coordination problem, whereby emergency relief, agricultural policy and social policy interventions tend to run in parallel rather than complementary ways. The Government’s post-floods reconstruction plan in 2007, for instance, was drawn up by the INGC but apparently involved little consultation with MMAS, the CNCS or other relevant actors.

MMAS is the key ministry holding the mandate for social assistance. Despite a wider Government commitment to build MMAS capacity, it is still a marginal ministry in current Government plans and budgets.

These institutional problems are compounded by other factors, including a lack of technical capacity for analysing and using the evidence base for policy making, planning and advocacy; as well as weak formal mechanisms for co-ordination.

New opportunities

In spite of all the difficulties, several factors suggest that this is a critical time for promoting a more coherent approach to social protection. There is growing concern with vulnerability and chronic poverty as a long term brake on poverty reduction. The legal environment is fairly favourable and there are a growing number of allies within Government and in partner institutions prepared to invest in a new and broader approach to social protection.

There is a gradual realisation that further significant poverty reduction will require a more concerted effort to address extreme vulnerability; and that social protection could play a

key role in that. There is also emerging awareness that social protection has economic as well as social and stability benefits.

Through the PARPA mechanisms (working groups and the Joint Review process) GoM and its partners are reflecting on the need to address vulnerability. The Poverty Analysis and Monitoring (PAMs) group in particular has sought to pull together a more comprehensive analysis of existing poverty and vulnerability studies covering Mozambique, as the basis for appropriate policy and programme responses.

The Ministry of Planning and Development has carried out preliminary modelling work on the likely economic costs and benefits of expanding social protection. The International Labour Organisation (ILO) is supporting MPD and MMAS for economic modelling of social protection programmes.

The legal environment in theory is supportive of social protection. Mozambique is signatory to the United Nations Declaration on Human Rights which recognises social protection as a right, and is signatory to a number of other international agreements that further enshrine this right for specific groups, including declarations on child rights, the rights of the elderly and gender equality.

An informal working group on Social Protection, including MMAS, INAS and a number of lead donors, is acting as a forum for debate on the way forward.

Most significantly, MMAS has initiated the development of a Basic Social Protection Strategy for Mozambique. This offers a critical opportunity to develop and build consensus around a wider vision for social protection.

In operational terms, there is strong potential for increased donor support – both on the technical as well as financial side. In partnership with INAS, the international NGO HelpAge is helping to expand the existing food subsidy programme in two pilot districts. One of the aims is to test a new model for reaching isolated beneficiaries at minimal cost (through community based mechanisms); another is to test potential for reaching OVCs as indirect beneficiaries. Donors are conscious, however, of Government reluctance to receive short term funding for long term social protection commitments. The British Government through its Department for International Development (DFID) recently entered a 10 year agreement to support INAS plans for scaling up the food subsidy programme.

Decentralisation is another factor to be counted. The on-going process of decentralisation in Mozambique presents excellent opportunities to manage appropriate social protection programmes at local level. It opens the possibility of including social protection measures in district development plans. The existing 'Local Investment Budget' aimed at funding initiative to support food security and employment also provides a model for funding social protection programmes, that contribute to the same ends.

Conclusions

In the context of slowing economic growth and evidence that poverty reduction is also slowing or may be reversed, the Government of Mozambique is becoming more aware of chronic poverty and that large groups of the population are unable to escape the

poverty trap. This is raising increased debate around what can be done and promotes renewed thinking on social protection.

There are a number of important initiatives. The new Social Protection Law focuses heavily on social insurance under responsibility of the Ministry of Labour and has much less to say about basic social protection. However, INAS is already well advanced with the development of an institutional strategy for social protection.

At another level, MMAS is now developing a national strategy on basic social protection. This provides an excellent opportunity to get broad consensus on a wider vision for social protection that aims at more than just a palliative for the poorest of the poor but aims at long term support to reducing vulnerability and is also an integral part of the Government's poverty reduction strategy.

Many obstacles remain. These include analytical limitations around the causes, consequences and extent of vulnerability as well as the potential benefits of social protection; institutional barriers; budgetary limitations; and perceived political risk.

Yet these issues need to be addressed if Mozambique is to develop a coherent strategy for social protection, to reduce vulnerability, build resilience and effectively address the growing challenge of chronic poverty.

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