

**FROM REFUGEES
TO
RETURNADOS**

**Toward Livelihood Rehabilitation
For Cross Frontier Desplacados**

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I.

INTRODUCTORY SUMMARY

1. The challenge of enabling Mozambique's international frontier crossing desplazados (refugees) to return home has six basic aspects:
 - a. no programme can be mounted and no encouragement to return given until the drought is broken. Return during a drought crisis is likely to end at best in retreat and at worst in death. To encourage it is to be a party to negligent homicide;
 - b. but if the 1992/93 rains, and therefore the 1993 main crops, are good, and the security situation is even modestly improved in Tete and Zambesia massive returns (whether organised and supported or otherwise) should and will take place over March-September 1993. (Later returns than September are dangerous to the returnee because there will rarely be time to clear bush and plant for the main rains and the subsequent year's main crop.);
 - c. the total number of refugees is of the order of 215,000 households (1,500,000 persons) of whom almost two thirds are in Malawi;
 - d. therefore return in one year cannot be supported;
 - e. virtually all present refugees are from rural homes (urban refugees from Tete and Zambesia have, in general, returned with UNHCR help) and fragmentary inquiries suggest that most desire to return to their home districts;

- f. the frontier crossing deslocados (refugees) are part of a total of 1,000,000 households (7,000,000 persons) who have had their livelihoods wiped out by war and need assistance for livelihood rehabilitation.
2. Therefore the livelihood rehabilitation strategy for retornados (returning refugees) needs to be part of a broader Rehabilitacao strategy for all rural households economically wiped out by war. In Reconstrucao: The Road From Emergencia to Desenvolvimento such a strategy, including Refugees, is mapped. The one special feature of refugee households from this perspective is the longer average distance back to their homes - and even that does not hold true of those from border districts in Zambesia and, especially, Tete now in border districts in Malawi.
3. Operationally refugees have a special international supporting agency UNHCR which is committed to initial re-establishment support as well to facilitating return. However, that opportunity comes with three special challenges to overcome:
- a. UNHCR - especially in Africa - has never handled a return programme of more than about a sixth the size of the one for Mozambique's refugees and its two largest programmes in the region (Zimbabwe and Namibia) were to far less physically war ravaged countries;
 - b. UNHCR has always run free standing programmes not collaborated in overall rehabilitation strategies designed and led by the government of the refugees' home state;
 - c. UNHCR's support after return has almost always been relatively short term (6 to 12 months) and concentrated on consumption not on livelihood reconstruction more broadly.
4. Other international agencies (notably UNDP, WFP, UNICEF) are very interested in return and also in more general support to refugees, displaced and affected households and those pauperised in place. However, each has rather different approaches and in general see refugees as a distinct category. The complexity - and potential for chaos is compounded when bilateral and external NGO operations and intentions are brought into the picture.

5. To achieve a coherent and effective Return programme within a Reconstrucao framework, Mozambique needs:
- a. to decide on and to articulate its own strategy;
 - b. to hold dialogue with international agencies, bilateral donors (and the largest external NGOs) to secure acceptance of Mozambique's strategy;
 - c. to negotiate an agreed pattern of UNHCR participation in Reconstrucao consistent with UNHCR's mandate and the reality that after return home refugees are 20% of the households needing similar assistance and neither can be nor desire to be grouped in special Returnado Districts or settlements;
 - d. Similarly the overall Rehabilitacao/Reconstrucao financial mobilisation proposals needs to go to 1992 Consultative group to allow initial operations with/in in support of households by March 1993 (assuming the drought is not repeated). However, donors (e.g. Japan) and agencies (notably UNHCR) should be assisted in stressing their returnado support concerns in their financial support so long as this can be accommodated with coherence of the overall Refugee-Displaced Person-Affected Person-Pauperised in Place Person-Demobilised Person livelihood rehabilitation enabling strategy.

II.

THE SITUATION

6. A reasonable estimate of the number of cross frontier desplacaders (refugees) who, given an opportunity to re-establish themselves, will wish to return home is 1,500,000;
- Malawi - 950,000 (Tete, Zambesia, Niassa, Sofala)
 - Tanzania - 75,000 (Niassa, Cabo Delgado)
 - Zambia - 75,000 (Tete)
 - Zimbabwe - 100,000 (Manica, Inhambane, Gaza)

- Swaziland - 25,000 (Maputo, Gaza)
- South Africa - 275,000 (Maputo, Gaza, Inhambane)

7. These figures are very imprecise as UNHCR registrations - except for Malawi - are much lower than for total estimated refugees and UNHCR has no presence in South Africa. In that respect Mozambique - after consultation with the ANC - needs to approach UNHCR with a view to the latter's extending its returnee support/protection operation in South Africa to cover Southern African refugees in South Africa. Assisting them is consistent with special concern for the victims of apartheid and would not appear to provide any support or credibility for the present regime.
8. Surveys are being carried out by UNHCR in several countries and are needed in all six:
- a. how many
 - b. age, gender distribution
 - c. home districts and pre-flight livelihoods
 - d. under what conditions wish to return where
 - e. willingness to wait one to three years to be able to enter full scale livelihood rehabilitation programme
 - f. support needed to re-establish themselves on return (in some detail).

This date is crucial to planning overall Reconstrucao levels and phasing. CPPs have no capacity to collect this data - only UNHCR and/or host governments do. Active Mozambican involvement in survey design is crucial if the information needed for effective livelihood rehabilitation support is to be secured. Mozambican participation (from Provincial directorates who will be involved in support programmes) in survey teams would be valuable to begin first hand contact and two way understanding.

9. The Malawian figures appear to be an overcount. Adding present population of most affected districts (including the 300,000 or more

1988-91 returnados) and refugees in Malawi gives quite implausibly high totals. Two explanations are possible:

- The Malawi state (which, unlike its people profits from the refugee presence both on fiscal account and through holding down agricultural wages) may be more efficient at adding new registrations than at deleting returned ones; and/or
 - Border area households may be double counted as returnados and refugees if some household members farm and sometimes live in Mozambique but some also live (at least part time) in Malawi and - quite reasonably - draw rations to assist in making ends meet until production is restored.
10. Zambian data are very imprecise because no estimate of the unregistered majority has been made there (unlike Zimbabwe and Tanzania which have both more inclusive registration and a working knowledge of non-registered refugees living in/with related communities).
11. Swaziland residents from Mozambique probably exceed 50,000. However, many are semi skilled workers and small businessmen. While this makes Swaziland eager they return to Mozambique (to broaden opportunities for Swati), it also means they will not willingly do so until employment and real income prospects in Mozambique are more buoyant.
12. In the case of South Africa any figure is a guess. Residents who were born or lived for a significant period in Mozambique probably number 500,000 or more. But:
- a. by no means all are refugees as opposed to immigrants including ex-mine workers;
 - b. none are in a formal refugee context (either with UNHCR or the RSA government);
 - c. how many will wish to return to rehabilitate their Mozambican livelihoods when security improves and drought recedes can only be determined by a survey. That requires a UNHCR presence to guarantee taking part in the survey will not lead to deportation.
13. Any survey will be snapshot and one which may date rapidly.

- there have been substantial returnado flows (halted by drought but also slowed because those for whom return was easiest have in large part come); but
- also substantial new refugee flows from shifts in security (including those who became able to flee when bandidos control was broken), failed attempts to return and - especially from Manica in 1991 and all eight Southern and Central Provinces this year - drought.

Recent drought flight refugees may find return easier, as they often have communities to which to return, their areas have not - in general - been recent combat zones and there has not been time for their fields to go back to bush.

14. Many refugees will wish to return as soon as it appears practicable to them. Those living near old homes and/or with some land in refugee location to grow food and/or ability to send, are adult home to begin clearing and rebuilding while others are safe (and fed) in a camp are particularly likely to move on their own. A five year phased return peaking in the second year (Table 1) would optimal given personnel, institutional and finance constraints. How near this goal it will be possible to come is problematic.
15. Refugee population make-up by gender and age is unclear. References to "over 70%" or "up to 80%" women and children combined with statements that there are very few men are puzzling. About 50% of the people of Mozambique are 15 or younger (children) and 26% adult women suggesting 76% women and children would constitute a normal population pattern. Many adult men have in fact led their families to refuge. A detailed population survey (especially of how many female headed households there are) is an important part of the broader refugee survey.
16. Mozambique needs to conduct a detailed security assessment (with refugee and Provincial input dominant). External agency definitions of security diverge both from those of Provincial authorities, from the evidence of private sector food haulage and from the numbers of returnados to districts UNHCR sees as characterised by total insecurity (most notably in Tete).

III.

RETURN

17. The aspect in which livelihood rehabilitation for refugees is - in a majority of cases - substantially different from that for households now in Mozambique whose livelihoods have been wiped out by war is that of transportation home. In general refugees need to go further and require organised assistance unless they come from border districts and are now in adjacent border districts of their host countries.
18. This is an area in which UNHCR has a mandate, experience and willingness to mobilise funds/arrange transport. However, the need to integrate return with broader rehabilitation raises several issues of coordination.
19. Pre return dialogue and briefing needs to involve Mozambican Reconstrucao programme personnel from the Provinces to which they are returning.
20. Provinces and districts need to agree scheduling of arrivals with UNHCR. Stays in "arrival camps" should be minimised - place of abode as refugee direct to place of (self chosen) resettlement should, if at all possible, be the norm.
21. Provision of tools, seeds, household equipment and food should take place in home district and not in place of refuge. Further returnados and other households should receive the same support 'kits' and food supplies. (This is not standard UNHCR procedure and is the opposite of what they have tentatively proposed in respect to Mozambican refugees.)

IV.

RECONSTRUCAO

22. Once they have reached their home district (or other self chosen resettlement site) returnados should not be seen as radically different from deslocado, afectado, pauperised in place and demobilisado households. On average they may well be slightly less badly off than

the first three of those groups. But differences will in fact be far greater within than between groups.

23. From a community rebuilding/civil society strengthening perspective no general case exists for separate resettlement areas by group. Recreating lost communities will in general be easier - and desired. Exceptions may well exist if most or all of a village fled together and maintained close links in exile - but that is likely to be the exception rather than the rule. This creates problems for UNHCR financial and personnel participation which will be addressed in a specific later section.
24. On arrival all returnados (transborder or domestic) face a similar challenge - recreating their livelihoods. They are not in the same position as poor sector familial households who have been able to maintain (or to regain) substantial production and have cleared fields, existing homes and last year's harvest to feed them until the new crop comes. They cannot respond to market incentives in the same way nor do they have the same initial capability to engage in self provisioning ('subsistence'). Nor will these gaps close on their own. Programmes to enable these households to produce and to take part in civil society (including its economic, use of services and self organisation aspects) are essential if most are not to remain permanently absolutely poor.
25. Normal development strategies and especially normal macroeconomic management strategies and accounting projections have little to say about this type of context. Presumably it is seen as so abnormal as not to warrant consideration. But it is our reality in Mozambique and we cannot embark on a normal development strategy (not even our Priority District Programme) for more than a minority of our people until that reality is addressed and overcome.
26. To do so requires an interim Reconstrucao (or livelihood rehabilitation) strategy over at least seven years. It would serve as a bridge from Emergencia survival to Desenvolvimento. Mapping out the main elements of such an approach is quite feasible - especially for rural areas and sector familial households. They include:
- a. allocation of sector familial farms on return home by refugees, dislocated and affected households;

- b. provision of basic working capital (tools to clear, to build and to till, plus basic household equipment seeds and where relevant fishing equipment and small stock) to returning households and to those pauperised in place with homes and working capital destroyed by the war and/or drought;
 - c. provision of food to these households for 9 to 15 months until they have a full harvest (or income from crops grown or fish caught to sell) to sustain them;
 - d. parallel 'reconstruction' of access to basic services - health, education, water, agricultural extension basically via government (provincial and district level) capacity enhancement with initially limited (by poverty) user contributions;
 - e. together with re-establishment of the rural/small town commercial network requiring loans to recapitalise rural oriented private and cooperative commercants (produce buyers-merchants-transporters) to provide effective market access and at least some competition for sector familial business;
 - f. as well as basic physical infrastructure reconstruction based on user assessment of priorities, district and provincial managed and focused on seasonal, labour intensive work employing sector familial household members to enhance their cash incomes to meet non-food needs and to reflate both real demand and real fiscal revenue;
 - g. in association with a demobilisation programme which - following an initial payment on turning in weapons and equipment - incorporates ex combatants and their dependents into the main rural livelihood rehabilitation strategy.
27. Certain macroeconomic policy approaches need revision (or provision of supplementary parallel mechanism) for this strategy to be viable:
- a. credit for reactivating capacity, facilitating the small, micro and artisanal enterprise sectors, and rehabilitating the rural commercial network cannot be provided within current bank credit ceilings which already prevent validation of produced output (notably in agriculture);

- b. requiring either new approaches (incorporating calculation of real floor levels required to allow enhanced real output as well as monetary ceilings to limit inflation) to credit ceiling calculation or/and new credit channels not counted as bank credit (even if commercial banks may be involved as agents);
- c. expansion of basic service coverage (and, especially in the case of education, quality rehabilitation) and rehabilitation of public service salaries to minimum levels consistent with efficiency;
- d. initially requiring additional as well as reallocated external finance (perhaps partly by selective reduction of provision of overseas personnel and training in favour of temporary, agreed public service salary enhancement for middle and high skill posts plus local joint venture training) to avoid reopening an inflationary domestic borrowing requirement.

These are modifications within PRE and PRES macroeconomic strategy - not an abandonment of that strategy. But they are crucial to stabilisation and price relativity adjustment costs being able to pay off in contributing to an enabling climate for enhanced production.

- 28. It also depends on revised perceptions by resource providers;
 - a. recognition that until livelihoods are rehabilitated the reduction of emergency survival support will mean destitution and even death but that shifting resources gradually from emergency to rehabilitation does provide a route back to development and, ultimately, to lower Mozambican net resource inflow requirements;
 - b. implying that Emergencia funding should be considered to be fungible at least to Reconstrucao;
 - c. while also recognising that the number of households needing assistance in livelihood rehabilitation (as well as the scarcity of middle level Mozambican support personnel and the total inappropriateness of expatriates beyond central and provincial coordination levels) requires simple, low unit cost per household served, swiftly beginning, broad coverage, expansible programmes which are, perhaps analogous to Emergencia but the exact opposite of most donor designed or redesigned rural development projects and

especially of most new large scale agricultural enterprises or large scale (even if sector familial cropped) irrigation schemes;

- d. and which are much harder to analyse with any precision or estimation of magnitude and timing of returns than - say - hydroelectric or major infrastructural projects;
 - e. requiring some reallocation from long pay off period, high capital cost per benefiting household projects especially in agriculture;
 - f. but that in the initial years of reconstrucao (and particularly in respect to demobilicao) net additional resources will be needed until benefit flows first balance and then exceed expenditure, especially because basic public service spending per capita and - implicitly - non-uniformed government employment are currently less than half those posited in the World Bank's Long Term Perspective Study which is, in a real sense, the foundation from and toward which Reconstrucao has been elaborated.
29. A series of significant institutional changes affecting donors as well as the Government of Mozambique will be necessary:
- a. redressing the imbalance under which 40% of non-military, non-debt service recurrent expenditure budgeting and disbursement but only about 4% of capital is now effectively decentralised to Provinces - a shift affecting donor-Provincial, almost more than Ministry of Finance-Provincial, relations and requiring recapacitation of Provincial Planning Commissions;
 - b. operating Reconstrucao within a national strategic, macroeconomic and coordination frame but with articulation, budgeting and implementation dominantly at Provincial level (and, to the extent capacity makes this practicable, at District level);
 - c. negotiating Emergencia and Reconstrucao together to allow gradual resource shifts former to the latter as well as coordinating Reconstrucao and Development proper, initially to facilitate reallocations from the latter to the former;
 - d. creating a means to integrate UNDP and UNHCR support for livelihood rehabilitation for domestic and externally displaced persons into a

single operational whole within the overall national strategy and Provincial articulation and operation, rather than arriving at three different programmes with different (and potentially significantly inconsistent) styles;

- e. ensuring that demobilisation support includes not only initial allowances but also funding livelihood rehabilitation (rural and urban);
- f. greater joint evaluation of recurrent and capital expenditure because a substantial portion of rehabilitacao/reconstrucao is on the borderline between the two while another large proportion is recurrent expenditure targeted toward creating an enabling climate for early output recovery;
- g. avoiding creation of new parallel institutions and commissions - indeed where possible reducing present overlaps and tightening lines of accountability - while enhancing coordination primarily through more creative use of the work of the National Budget (Finance) and National Planning Directorates.

The foregoing review implies that while Reconstrucao should be an analytical and programming focus, including detailed Reconstrucao sub-votes in - e.g. - Provincial primary health care or even agricultural extension and especially have separate sub-categories of personnel would rarely be necessary or even appropriate.

Rural Livelihood Rehabilitation: Numbers, Phasing, Costs

- 30. More detailed discussion appears in RECONSTRUCAO: The Road from Emergencia to Desenvolvimento. Costings for the Rural Reconstrucao Programmes (few refugees are urban in pre-flight residence) appear at Table 2. Apart from the specific transport home item the portion attributable to refugee returnados is roughly 20% - their proportion of total households requiring livelihood rehabilitation. That implies a total of \$332,500,000 (\$222 per person or \$1,550 per household) over five years.

V.

COSTS AND FINANCE

31. Apart from initial return transport (\$25 million) the returnado component of rehabilitacao can be separated nominally and allocationally but not in the sense of separate operational budgets. Even in the cases in which such separation is nominally possible, e.g. tools, seeds, household equipment which could be delivered to refugee households before return or at transit camps the division of purchases and duplication of logistics would both raise cost and reduce efficiency.
32. However, the conceptual allocation is relatively straightforward. 20% of people are expected to be refugees (slightly less than 20% of households because demobilisados - ex combatants - are on average younger and have smaller households). Therefore it is reasonable to attribute 20% of basic rehabilitaco costs - \$307,500,000 to reintegration of refugees into the economy and civil society. This figure is potentially useful for mobilising funds and especially for securing a leading UNHCR role in that mobilisation effort.
33. The costs (see Table 2) are about 33% direct family re-establishment support, 16% small scale infrastructure rehabilitation, 28% basic services restoration and extension, 19% market revival (or marketing system recreation to enable households to participate in a reasonably competitive commercial network that collects and delivers goods in addition to transmitting 'market signals' reasonably accurately) and 5% associated costs including refugee return and overall planning and coordination.
34. In principle different weightings could be given to returnado use of each category, but what validity these would have or what purpose would be served is unclear. A better case can be made for year to year variations as refugees are likely to be less than 20% of total returnados in years 1 and 5. However, ex ante projections as to numbers will inevitably be uncertain throughout because of weather conditions (crucial to successful re-establishment) as well as - at least in the first year - security fluctuations.

35. Funding projections (see Table 4) are no more - indeed rather less - divisible by category of households except in respect to UNHCR or bilateral funds pledged specifically in support of refugees/external returnados and analogous tied pledges in support of demobilizados.
36. Substantial sums should be available from reallocation - from Emergencia, military spending, large scale capital projects and technical assistance - if the will to do so can be generated and sustained. Similarly, if the Rehabilitacao programme is successful in enabling 1,100,000 households to produce more substantial Gross Domestic Product (see Table 4) gains should result with positive fiscal impact even during the five year programme period (see Table 3). However, all of these sources will take time to build up so that of a total financing requirement (rural and urban) of \$1,973,000 million of which \$214,000,000 will need to be general additional external finance \$166,500,000 will be needed in the first year.
37. \$414,000,000 special external finance for external returnados and demobilizados is needed over 5 years. Because returnado designated support probably cannot be expected to cover much of expenditure more than 12 to 15 months after return, the plausible target for refugee oriented mobilisation efforts is probably of the order of \$230,000,000 (see Table 3) rising from \$40,000,000 in year one to \$64,000,000 in year two before declining to \$26,500,000 by year five. In fact this is not a net additional cost. Present international, host government and host community costs for ensuring the survival abroad of the 1,500,000 refugees are probably on the order of \$100,000,000 a year so that the \$229,500,000 over five years is not only a self terminating expenditure but one which is largely offset in early years and more than totally offset by the third years in savings from survival support costs.
38. The assumptions underlying the \$229,500,000 figure are that UNHCR and bilateral contributors would provide external return travel, 20% of household rehabilitation and 10% of basic service and small scale rural infrastructure costs. The use of 10% instead of 20% and the exclusion of market rehabilitation costs is not based on logic. Rather it flows from the fact that refugee return programmes do not historically provide much support to these areas and the probability that UNHCR

would find it very difficult to lengthen and extend its mandate in those directions.

VI.

UNHCR

39. UNHCR has planned a refugee return programme but one very different from the Rehabilitacao one sketched above. It envisages:
- a. distribution of basic "kits" (rather narrower than those proposed) in host countries;
 - b. extensive use of transit camps;
 - c. payment of allowances (in food or cash) for 6 to 12 months;
 - d. rather limited indirect involvement in water and health service restoration in districts with very high proportions of returnados;
 - e. monitoring safety of returned refugees.

Notably absent are integration into any overall programme covering all households with war destroyed livelihoods or any major direct involvement in reconstruction activities.

40. While UNHCR proposals are in line with past refugee return programmes; they could be adapted to fit into overall livelihood rehabilitation within UNHCR's present legal mandate even if not within its normal operating procedures. To achieve that will require that the Government of Mozambique agrees on a strategy and makes articulated proposals to UNHCR (as well as UNDP, other international agencies and bilaterals) rapidly with preliminary consultations prior to the 1992 Consultative group meeting.
41. The basic thrust of the revised role for UNHCR would include:
- a. external portion of return travel as before;
 - b. very limited use of transit camps;

- c. UNHCR personnel participation in Provincial and District teams led by Mozambican bodies;
- d. channelling of UNHCR and related returnado funding into overall rehabilitation budgets on an agreed formula basis;
- e. monitoring of success of reintegration (with less emphasis on safety which UNHCR has traditionally stressed because in many cases - but not Mozambique - refugees did flee from their own governments);
- f. perhaps greater UNHCR personnel involvement in specific programme activities, but within Mozambican institutional frameworks and serving all programme participants not just returnados (while government and other agency personnel serve returnados as well as households from other groups).

VII.

UNDP

- 42. UNDP has also begun planning for returnados - apparently as an extension/conversion of its role as external coordinator and supporter of Emergencia. While it has coordinated with UNHCR, significant Mozambican participation (and certainly presentation of a Mozambican strategic framework) has been very limited.
- 43. UNDP clearly is a key support agency both in its won right and coordinator of other UN agencies and in its capacity as sponsor of external resource mobilisation for Reconstrucao to complement, take over from, ultimate end the need for the bulk of Emergencia. However, it has neither the remit nor the capacity to design an overall Reconstrucao strategy for Mozambique. That is primarily the undeniable and inescapable responsibility and prerogative of the Government of Mozambique.
- 44. To retrieve its leading role Mozambique needs to decide on a Reconstrucao strategy with main articulations and programme thrusts and enter into dialogue with UNDP, other UN Agencies - especially UNHCR,

WFP, UNICEF and ILO - and major bilaterals. A broad body of materials has been prepared by DNP during 1992 but requires CPP and Cabinet adoption before such a dialogue can be fully fruitful - or before the parallel exercise of involving Mozambican institutions (especially at Provincial level) in data collection, design, organisation of capacity can be carried beyond present initial stages.

VIII.

WHERE NOW?

45. If Reconstrucao - the rehabilitation of the livelihoods of the majority of Mozambican households economically pauperised by war - is seen as a key priority then action on defining strategic parameters and on articulating programmes and institutional relationships has a high priority as to time as well as to importance.
46. The case is relatively straightforward:
- a. the 1,000,000 households to be served (plus 100,000 demobilisado households) comprise about half of all Mozambicans in Mozambique and surviving as external deslocados;
 - b. without special enabling programmes most cannot rebuild their livelihoods and escape from absolute poverty;
 - c. programmes with plausible total costs and not unattainable financing patterns (see Tables 2 and 3) could substantially increase Gross Domestic Product (Table 4), food security (Table 5) and proportion of Mozambican households above the absolute poverty line (Table 6).
47. If this case - and the consequential overall Reconstrucao approach - are adopted then external deslocados households on return need to be integrated into area focused programmes carried out by existing Mozambican institutions with operational activities coordinated by CCPs and national coordination by DNP. That is a substantially different approach from past refugee return programmes in Southern Africa and from what UNHCR and UNDP now envisage.

48. Therefore it is urgent to approve an articulated strategy to put to UNHCR, UNDP and other key external actors as a basis for dialogue and for financial mobilisation through the 1992 Consultative Group meeting and a joint UNHCR - Mozambique pledging conference on behalf of external returnados.

Table 1

Rural livelihood Rehabilitation 1993/4 - 1997/8
 Numbers of Households¹ and Possible Phasing

Category	1993/4	1994/5	1995/6	1996/7	1997/8	Total
Refugees (Externally Displaced) ²	40,000	70,000	50,000	40,000	15,000	215,000
Displaced (Internal Refugees)	40,000	70,000	50,000	40,000	15,000	215,000
Affected (Forced To Move) ³	100,000	150,000	100,000	50,000	30,000	430,000
Pauperised In Place ⁴	25,000	50,000	40,000	20,000	5,000	140,000
Demobilised Ex-Combatants ⁵	40,000	50,000	10,000	-	-	100,000
Total⁶	245,000	390,000	250,000	150,000	65,000	1,100,000

Notes:

1. Average household size estimated at 7 persons except for ex-Combatants estimated at 5. Approximately 55% children under 15, 25% adult women, 20% adult men. One household in 4 female headed.
2. Official UNHCR estimates of 1.3 million persons exclude non-registered refugees in Zambia and also Swaziland and South Africa. On the other hand, they overstate Malawi where registering new arrivals is prompt and efficient but deleting returnees is neither, understandably from a Malawian perspective.
3. Households not in camps (effective distinctive characteristic of deslocados) forced to move by war and neither incorporated in urban life nor satisfactorily resettled from their own perspective (Many of new Beira Corridor residents are satisfactorily resettled but relatively few elsewhere).
4. Living in or near ruins of homes but with total or near total loss of residences, seeds, tools, food stocks, livestock.
5. Rural background households (20,000 in urban reconstruction estimates for urban background households).
6. Phasing highly approximate. Constraints are drought, security, capacity of agencies and state to assist. Larger 1994/5 targets would be desirable but financial, personnel and institutional limitations would make them dangerous because unassisted returnees are likely to fail to re-establish themselves and to flee again or even - as has happened - die.

Table 2

Rural Reconstruction: Toward Costing
(000 1991 Price \$)

Category	1993/4	1994/5	1995/6	1996/7	1997/8	Total ^{1,3}
A. <u>Household Re-establishment</u>	117,500	187,500	122,500	77,500	36,500	540,000
Internal Transport ¹	(12,500)	(20,000)	(12,500)	(7,500)	(3,000)	(55,000)
Food ²	(75,000)	(120,000)	(80,000)	(50,000)	(25,000)	(350,000)
Tools/Seeds/Household Equipment ³	(25,000)	(40,000)	(25,000)	(15,000)	(6,000)	(110,000)
Construction Materials/Simple Equipment ⁴	(5,000)	(7,500)	(5,000)	(5,000)	(2,500)	(25,000)
B. <u>Physical Infrastructure Rehabilitation⁵</u>	25,000	50,000	75,000	50,000	50,000	250,000
C. <u>Basic Service Restoration/Extension⁶</u>	50,000	75,000	125,000	125,000	75,000	450,000
D. <u>Market Revival</u>	32,500	65,000	67,500	97,500	37,500	300,000
Retail Enterprise Infrastructure (Vehicles/Working Capital) ⁷	(25,000)	(50,000)	(50,000)	(75,000)	(25,000)	(225,000)
Ditto Wholesale Enterprise ⁸	(5,000)	(10,000)	(10,000)	(15,000)	(10,000)	(50,000)
Associated Public Infrastructure ⁹	(2,500)	(5,000)	(7,500)	(7,500)	(2,500)	(25,000)
E. <u>Associated Items</u>	19,000	26,250	14,750	7,500	5,000	72,500
Refugee Return ¹⁰	(5,000)	(7,500)	(5,000)	(5,000)	(2,500)	(25,000)
Demobilisation Allowances ¹¹	(9,000)	(11,250)	(2,250)	-	-	(22,500)
Planning/Coordination (DNP, CCPs, Prov. Works) ¹²	(5,000)	(7,500)	(7,500)	(2,500)	(2,500)	(25,000)
TOTAL	244,000	303,750	404,750	357,500	304,000	1,612,500

Notes:

1. From present location to home area. \$50/household.
2. 9 to 15 months to first main crop. \$300-325/household including transport.

3. Tools to clear and till land and to rebuild home, tools, small stock, fishing equipment, seeds, basic household equipment - e.g. water pails. \$100/household including transport.

4. Beams, poles, bricks, carpentry tools, block making machines, cement. Say \$1,000 per village of 400 households.

5. Roads, culverts, ditches, small scale irrigation, ponds, other public buildings.

Rough breakdown:

Wages Seasonal Local Labour	125,000,000
Other Wages and Salaries	25,000,000
Hand Tools	10,000,000
Other Equipment	25,000,000
Construction Inputs (Pipe/Pumps/ Bitumen/Cement/Wood/etc.)	65,000,000

6. Primary Health, Education, Agricultural Extension, Water.

Rough breakdown:

Wages, Salaries, Training	150,000,000
Operating Materials (Drugs/ Texts/Chalk/etc.)	100,000,000
Equipment (Blackboards, Furniture, Vehicles, etc.)	75,000,000
Buildings, Other Fixed Plant	100,000,000

(Rural service expansion/rehabilitation recurrent and capital cumulative over five years.)

7. Loans to 2,500 newly re-established rural merchants/transporters at \$40,000 each - lorry, stock in trade finance. Loans to 500-750 co-operatives (expansion of capital base or new activity) at comparable capital input. \$100 million subsequent finance (loan) of vehicle-warehouse-working capital expansion in addition to reinvested enterprise earnings.

8. Analogous to Note 7 for wholesale sector-private enterprises, co-ops and (as guarantor of minimum prices and of competition) Agricon.

9. Warehouses, markets, selected medium scale works.

10. \$100-125 per person. Presumptively UNHCR financed. Subsequent expenses for refugees incorporated in main programme heads. About 20% of totals.

11. Initial allowance of \$150 per person at time of turning in gun and equipment. Plus 50% addition for 'surplus' guns from Mozambique or South Africa turned in. Subsequent expenses incorporated in main programme heads (about 9% of totals).

12. Training, equipment, staff gap filling in coordination units - DNP, Provincial Planning Directorates - and crucial operating units especially Provincial Works Directorates (engineers, draughtsmen, artisans, foremen) to design/operate small fixed capital unit components of programme.

13. Rounded especially in "A" so line totals may not add exactly.

Table 3

National Reconstruction: Possible Funding Projections
(\$'000 1991 Prices)

Category	1993/4	1994/5	1995/6	1996/7	1997/8	Total
A. <u>Reallocation</u> ¹	40,000	190,000	290,000	345,000	325,000	1,190,000
From Emergencia ²	-	(50,000)	(125,000)	(200,000)	(200,000)	(575,000)
From Large Capital Projects ³	(25,000)	(100,000)	(100,000)	(75,000)	(50,000)	(350,000)
From Technical Assistance ⁴	(5,000)	(10,000)	(15,000)	(20,000)	(25,000)	(75,000)
From Military Expenditure ⁵	(10,000)	(30,000)	(50,000)	(50,000)	(50,000)	(190,000)
From Other Recurrent ⁶	NA	NA	NA	NA	NA	(-)
B. <u>Special</u>	79,500	121,500	95,000	73,500	44,500	414,000
Refugees ⁷	(40,000)	(64,000)	(56,500)	(42,500)	(26,500)	229,500
Demobilisation ⁸	(39,500)	(57,500)	(38,500)	(31,000)	(18,000)	184,500
C. <u>Domestic</u>	1,000	8,000	21,000	45,000	80,000	155,000
Fiscal Gain From Programme ⁹	(-)	(5,000)	(15,000)	(35,000)	(65,000)	(120,000)
User Contributions ¹⁰	(1,000)	(3,000)	(5,000)	(10,000)	(15,000)	(35,000)
D. <u>Sub-total</u> ¹	120,500	319,500	406,000	463,500	449,500	1,759,000
E. <u>Additional External Flow Needed</u> ¹¹	166,500	46,500	84,000	(14,500)	(69,250)	214,000
TOTAL ¹²	287,750	366,000	490,000	449,000	380,250	1,973,000

Notes:

1. Reallocation from 1991/2 levels of expenditure. In 1991/2 prices except for minimum salario rise to \$40. Does not include reduction of UNHCR, host government, local community contribution to refugees which now probably exceeds \$250,000,000 a year.
2. Excludes additional (to 1991/2 based) drought related costs.
3. Existing projects and successors. Assumes some new large capital intensive projects late in period with shift to development. Excludes new enterprise related, financially and externally self-liquidating enterprise investment, e.g. natural gas export, electricity production/transmission linked to exports (South Africa, Zimbabwe, Swaziland) and to direct import substitution (Maputo).

4. Substitution of domestic training (in this programme) for overseas training and of support for qualified Mozambican for provision of expatriates.
5. Wages, arms, vehicles, equipment, ammunition, fuel, spares, rations. Calculations speculative until trend of security makes possible detailed military spending reduction programme.
6. Total non Reconstrucao Recurrent spending is too low to provide basic minima of governance, services. Savings on some heads will be needed for increases on others.
7. UNHCR plus bilateral donors with peace promotion linked aid programmes (e.g. Japan). Calculated at external travel plus 20% of household rehabilitation and 10% of related service and infrastructure costs set out in Table 2. Refugees are 20% of total households covered.
8. Separate funding from bilaterals specifically concerned with restoration of peace, e.g. Switzerland, Italy Japan. Includes direct demob payment plus 9% rural household plus related services/infrastructure costs from Table 2. Demobilised households are estimated at 9% of all covered. Table 3 programme for domobilisados includes year's interim employment plus retraining.
9. Roughly estimated at 20% of programme generated additions to commercialised Gross Domestic Production. See Table 5 for fuller estimation for 1998/99.
10. Very rough estimate. Includes labour, materials, food as well as cash contributions.
11. Requirement for grants, very soft loans or reductions in actual external debt service payments (excluding arrears write-off or non-serviceable portion of amounts nominally due). Numbers in () are negative (i.e. reduction in external resource transfer requirement).
12. Equal To Costs from Tables 2, 3.

Table 4

1998/99 Reconstrucao GDP Impact
(\$000 at 1991 prices)

A. Additional Rural GDP Related To Reconstrucao

1. <u>Sector Familiar</u> ¹ (Programme Households)	<u>Provisioning</u>	<u>Sold</u>	<u>Total</u>
▪ Food (including animals, fish) ²	185,000	65,000	250,000
▪ Non-Food Crops (including Forest Products) ³	5,000	100,000	105,000
▪ Artisanal Products ⁴	35,000	15,000	50,000
▪ Home Farm Construction ⁵	55,000	-	55,000
▪ Basic Services In Kind ⁶	5,000	-	5,000
▪ Wages From Infrastructure Rehabilitation ⁷	-	25,000	25,000
TOTAL	285,000	205,000	490,000
Per Household (\$) ⁸	\$260	\$190	\$450
Rural Absolute Poverty Line ⁹		\$470 - \$520	
2. <u>Sector Familiar</u> ¹⁰ (Other Households)	30,000	20,000	50,000
	<u>Wages</u>	<u>Other Value Added</u>	<u>Total</u>
3. <u>Public Services</u> ¹¹	30,000 ⁷	10,000	40,000
a) Basic Services	30,000	-	30,000
b) Infrastructure Rehabilitation	(7)	10,000	10,000 (35,000)
4. <u>Commerce/Transport</u> ^{11, 13}	All	Sold	107,500
a) Commerce ¹²			60,000
b) Transport ¹³			47,500
5. <u>Multiplier Effect</u> ¹⁵	Not Estimated		
TOTAL Reconstrucao Augmentation			
To Rural GDP ¹⁶		687,500	
Of Which Household Self Provisioning		(315,000)	

B. Additional Urban GDP Related To Reconstrucao

	<u>Provisioning</u>	<u>Sold</u>	<u>Total</u>
1. Enterprise Added In Sales To: ¹⁷	-	175,000	175,000
▪ Rural Sector Familiar	-	(90,000)	(90,000)
▪ Commerce/Transport	-	(40,000)	(40,000)
▪ Micro-Small Industry	-	(15,000)	(15,000)
▪ Urban Sector Familiar	-	(7,500)	(7,500)
▪ Public Service Wage Earners	-	(7,500)	(7,500)
▪ Exports	-	(15,000)	(15,000)
2. Urban Sector Familiar ("Informal")	2,000	12,000	14,000
Agriculture (Zonas Verdes) ¹⁸	(1,000)	(7,000)	(8,000)
Artisanal	(1,000)	(5,000)	(6,000)
3. Public Services	1,500	13,500	15,000
▪ Basic Services	(1,500) ¹⁹	(7,500)	(4,000)
▪ Infrastructure	(-)	(6,000)	(6,000)
4. TOTAL Direct Impact	3,500	201,500	205,000

5. Multiplier (25%) ²⁰	-	50,000	50,000
TOTAL - Urban GDP Increase Related To Reconstruca ²¹		3,500	251,500
TOTAL - GDP Increase Related To Reconstruca ^{16, 21, 22}	318,500	624,000	942,500

Notes:

1. Production for sale and household self-provisioning by the 1,100,000 households included in programme. Gross. Some households have low levels of present output not transferable on relocation. However, as this affects only 425,000 deslocado households and their production is (as valued) perhaps \$100 per household the difference is under 10%. All items valued at value added level.
2. Estimate 2,750,000 tonnes grain equivalent food of which 2,000,000 consumed by producers and 750,000 tonnes sold. Value at \$100/tonne farmgate less \$9.33/tonne purchased new labour inputs (\$25,000,000 total purchases). Relatively low as grain equivalent tonne of vegetables, fruits, livestock, fish fetches substantially more. (In the other crops cases also weighs substantially more.)
3. Includes both inputs into domestic industry and exports as well as household self-provisioning (especially in fuel). Probable leading crops cotton, cashew.
4. Furniture, clothing, metal products, etc. Assumed purchased input content \$10 million.
5. Assumed 1,100,000 homes lasting five years at value of \$250. No estimate of land improvements, tree crop stands, additions to livestock herds made.
6. Largely labour for construction materials, food, furnishings.
7. Labour intensive rural infrastructure rehabilitation as cited in Table 2.
8. Relates to 1,100,000 households in programme.
9. Rough Estimation/Family of 7:

	<u>Urban</u>	<u>Rural</u>	
Food	\$500	\$225 ¹⁻⁾	
Housing	100	50 ²⁻⁾	
Transport/Water			
Fuel	75	25 ³⁻⁾	
Other Goods/Services	175	220 ⁴⁻⁾	(170) ⁵⁻⁾
Total	<u>\$850</u>	<u>\$520</u>	(470)

¹⁻⁾ Farmgate prices plus limited purchases.

²⁻⁾ Maintenance/Rebuilding Cost Valuation

³⁻⁾ Fuel perhaps \$2.5 and Water \$5 on basis rural prices/User Fees in kind and cash. Commuter transport urban phenomenon.

⁴⁻⁾ Same basket - urban prices plus 25%.

⁵⁻⁾ Altered basket relating artisanal to product for household use and different tastes.

10. The physical infrastructure and commercial network rehabilitation plus immediate (e.g. time saved) benefits of basic services rehabilitation will enable output/income increases in other sector familial households as will enhanced provision of agricultural extension services. Roughly estimated as equal to 10% of programme households' gains. On 30,000 present households that is \$170 per household.
11. Rough estimates based on Sector Familial sales/purchases. Value added basis.
12. 10% sales plus 15% purchases.
13. 10% sales plus 10% purchases.
14. Sales (Market Prices - including inputs plus value added)

Food/Other Crops	204.5 million
Artisanal Products	<u>19.5</u> "
	<u>224.)</u> "

Purchases

Sales	224 million
Infrastructure Wages	<u>25</u> "
	<u>249</u> "

15. Presumably some multiplier can be expected. However, because basic rural purchases from the rural sector familial are relatively low (perhaps \$35 to \$40 million) the multiplier effect would be very low. Would tend to be partial offset of overestimation cited in Note 1.
16. Rural GDP will also rise from non-Reconstrucaao Cotton Authority, Cashew Authority, Commercial Farmer and provision of competent training/extension to Irrigation schemes. This could amount to \$20 to \$25 million on food crops and \$25 to \$50 Million on non-food crops at value added level and \$50 to \$87½ million at sales level. If 1,500,000 rural households in 1998/9 that is \$30 to \$50 per household.
17. Assumptions:
 - a. Additional gross sales to rural sector equal additional sector familial purchases plus Commerce/Transport value added, less \$40 million rural-rural.
 - b. Sales to Micro-Small Industry equal wages plus one half other sectoral value added. Sales to commercialised Zonas Verdes and to the artisanal sector = value added. (Wages = 25,000 X \$600 = \$15,000,000; Artisanal Value Added 10,000 X \$500 = \$5,000,000; Zonas Verdes commercialised Value Added \$7,000,000; Other Value added \$20,000,000.)
 - c. Sales to public service wage earners equal wages (\$12,500,000).
 - d. Rural sales reduced by 33¹/₃% for transport/rural commerce content; urban by 5% for inputs into urban transport/commerce.
 - e. Value added estimated at 65% of (a + b) reduced by c. Allows 20% operating and spares imports, 2½% purchases from rural sector, 12½% taxes (actual collection of turnover taxes licenses not nominal amount due).
 - f. Guesstimate of \$25 million exports (fob) at 60% value added. The GDP here is value added in all urban sectors including commerce, transport and other enterprise/household produced services.

18. Assumes small urban infrastructure (e.g. drainage, small scale irrigation, roads, canisa site and service plot preparation, latrines) and time saving from closer water and health services empowers increase of 10,000 tonnes self-provisioning food (\$100/tonne) and 25,000 tonnes commercialised food (\$200/tonne) plus \$2 million fuel, building materials, other non-food crops.
19. User contribution in labour, food, materials to service cost. (Cash payments assumed to be \$6 million.)
20. This is a relatively low estimate because first round on wage incomes has already been taken into account.
21. Does not include large enterprise, Urban Rehabilitation and other Heavy Infrastructure (e.g. Railways and Ports) projects not within Reconstrucaao.
22. Not directly comparable to present GDP estimates. These seriously underestimate current price GDP by using massively too low domestic price levels and inflation rates and very incomplete coverage of co-op, informal and private enterprise commercial agriculture and of small scale and artisanal urban production of goods and services which are only partly offset by massive overestimation of households self-provisioning (subsistence) agricultural output.

Table 5

Food (in) Balance - Reconstrucao Impact
(000 tonnes grain equivalent)

	<u>1990/91</u>		<u>1988/89</u>	
Population In Mozambique ¹	12,500,000		18,250,000	
Food Requirement ²	4,500,000 (100%)		6,570,000 (100%)	
Domestic Production ³	2,750,000 (61%)		5,710,000 (87%)	
Urban (Zonas Verdes)	(150,000) (3%)		(185,000) (1%)	
Household Consumed	(50,000) (1%)		(60,000) (-)	
Commercialised	(100,000) (2%)		(125,000) (1%)	
Rural	(2,600,000) (57%)		(5,525,000) (84%)	
Household Consumed	(2,200,000) (48%)		(4,400,000) (73%)	
Commercialised ⁴	(400,000) (9%)		(1,225,000) (11%)	
Imports ⁵	625,00 (14%)		400,000 (6%)	
Food Aid	(500,000) (11%)		(200,000) (3%)	
Commercial/Parallel	(125,000) (2%)		(200,000) (3%)	
Food Deficit	1,125,000 (25%)		460,000 (7%)	
<u>Urban/Rural Breakdown⁵</u>	<u>Urban</u>	<u>Rural</u>	<u>Urban</u>	<u>Rural</u>
Population In Mozambique	3,000,000	9,500,000	4,500,000	13,750,000
Food Requirement ⁶	1,080,000	3,420,000	1,620,000	4,950,000
Domestic Production	500,000	2,250,000	1,085,000	4,625,000
Urban	(150,000)	(-)	(185,000)	(-)
Rural	(350,000)	(2,250,000)	(900,000)	(4,625,000)
Household Consumed	(50,000)	(2,200,000)	(60,000)	(4,300,000)
Commercialised	(450,000)	(50,000)	(1,025,000)	(325,000)
Imports ⁵	400,000	225,000	375,000	25,000
Food Deficit ^{3,7}	180,000 (17%)	945,000 (27%)	160,000 (10%)	300,000 (6%)

Notes:

1. The official United Nations/Government of Mozambique projection of 16,000,000 is clearly wrong. Subtractions include 1,500,000 refugees and 1,000,000 excess deaths resulting from war. Preliminary data in 1991 suggested a total population of 12,500,000. 1988/89 assumes return of 1,500,000 refugees plus a 30% increase on the base population of 14,000,000, or about 3% a year.
2. Production level required assumed to be 360 kilos grain equivalent per year based on 800 grammes per day consumption requirement adjusted to allow for 20% loss from harvest (or import) to consumption.
3. This figure is not a complete estimate. Additions resulting from programmes by government and enterprises outside Reconstrucao (e.g. competent training and extension in both large and small scale irrigation areas, commercial farm food output expansion) are not included. These could amount to perhaps 200,000 to 250,000 tonnes reducing the deficit by half to 3% to 4% of total requirement. That does not mean only 3% to 4% of households (7% on Table 8 figures) have less than fully adequate food supplies because of inequality in distribution.

However, it should more than halve severe malnutrition from over 20% to 8% to 10%.

4. Estimates include all marketed output-local trade, private, co-op not only officially recorded flows.
5. 1990/91 may understate commercial imports via informal (legal apart from customs/turnover tax evasion) imports from South Africa, Zimbabwe, Malawi.
6. Assumes Urban population 4,500,000 in 1988/89 and Rural 13,750,000. Implicit urban population growth rate 7%.
7. 1990/91 deficit levels are plausible given known malnutrition data. 1989/90 estimate of slightly poorer urban than rural nutrition are not implausible; e.g. they probably parallel actual Tanzanian reality. They parallel estimates in Table 9 suggesting slightly higher proportions of absolute poverty (not numbers of absolutely poor people) in urban than in rural areas. Again this appears congruent with the present situation in Tanzania because while average urban household income is higher so too is inequality in food consumption and income. However, both differences are clearly within the margins of error of the projections.

Table 6

Absolute Poverty Reduction From Reconstrucao

<u>Category</u> ¹	<u>1990/91</u>	<u>1998/99</u>
Urban ²	50%	27½%
▪ Related To Low Wages ³	(20%)	(5%)
▪ Related To Low Labour Power of Household plus Unemployment ⁴	(30%)	(22½%)
Rural	71%	22½%
▪ Of Livelihood Rehabilitation Programme Households ⁵	(90%)	(25%)
▪ Of Other Households ⁶	(30%)	(20%)
TOTAL ⁷	65%	24%

Notes:

1. See Table 5 - Note 9 for Absolute Poverty Line Estimates.
2. The percentages are of total urban absolutely poor households not of sub-population groups absolute poverty percentages.
3. Reduction from raising minimum real salario to \$40 (at or approaching minimum efficiency level).
4. Reduction from retraining; higher productivity employment in "informal" as well as recorded sector; higher productivity employment artisanal, Zonas Verdes producers plus reduction in open unemployment (about 4% of potentially economically active persons in 1991).
5. See Table 5 - Section A and Note 9. Average income is perhaps 10% below absolute poverty line. This implies 20% to 30% of households would be below it depending on household income inequality.
6. Benefits from spin-off GDP impact noted in Table 5 - Section B and Note 10. Likely to be reduced further by rural output increases not related to Reconstrucao.
7. Because of parallel non-Reconstrucao generated economic recovery - both urban and rural - the actual 1989/90 absolute poverty outcome should be marginally to modestly better than these projections.