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**THE STRUGGLE AGAINST
ABSOLUTE POVERTY
IN MOZAMBIQUE**

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What have we learnt from development?
Development leaves the great bulk of
the population unaffected.

- Sir W. Arthur Lewis

The ultimate purpose, measure, justification
and test of development is man.

- Mwalimu Julius Nyerere

We see the future
In the shining faces of our children,
The flowers that do not wither.

- Samora Machel

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CHAPTER I.

AN HISTORICAL AND CONTEXTUAL SKETCH

Mozambique is a very poor country whose economy declined in the mid-1970s and, after a brief recovery plummeted in the first half of the 1980s. In the 1980s - though not in the 1970s - social indicators and observation indicate a worsening of the human condition of most of its people, especially of its poorer and more vulnerable people.

From 1986, economic performance has improved following institution of major reorientation of economic policy and sharp increases in external cooperation. However, basic services and, at least, in 1988-89, the urban poor have come under increasing pressure partly as a result of the policy changes. Gross domestic output remains very low (probably in the US\$ 125-159 range or half its early 1970s historic peak). Further, major trade and payments gaps, severe food shortages and an unsustainable level (even after rescheduling) of external debt service bills make recovery precarious and its survival dependent both on domestic growth and broad participation in it and an external co-operation which recognises that economic policies which rend the fabric of society and demobilise the people cannot survive and are therefore economically as well as humanly counter-productive.

That summary of Mozambique's recent past and present could, with a few changes, fit at least a dozen African countries. But there are aspects of Mozambican reality and experience which are not typical of Sub-Saharan Africa and which directly affect the human condition of Mozambicans in general and more particularly the social dimensions of adjustment. Therefore, a slightly more detailed presentation of the backdrop to PRE, Emergencia and the Mozambican human condition is appropriate.

The Colonial Legacy

Even by the standards of colonial territorial development, Mozambique inherited very little infrastructure, productive capacity and - indeed especially - human capital. Until the 1960s its basic domestic African labour system was the corvee. The largest employers of black Mozambicans, up to independence, were South African mining and agriculture. The plantation sector was created by chartered companies which governed, as well as exploited, enclaves and were predominantly British. The two key

rail lines - Lorenzo Marques (as it then was)/Transvaal and Beira/Rhodesia - not only served other countries but had originally been created by them (the Transvaal Republic and the British South Africa Company respectively), interestingly for reasons in which politics played at least as great a role as economics. Only well after the Second World War did Portugal begin even a *mise en valeur* production-raising strategy in Mozambique.

Portugal began about 1955 to operate a territorial strategy based on major urban infrastructure building (for settlers), substantial commercial farm development (by settlers) building of industrial and tourist establishments (by Portuguese enterprises), a rail line (to Malawi, again for political more than economic reasons). The industrial sector (even more import intensive and white elite market-oriented than was usual in SSA). While secondary and technical education appeared to grow rapidly, and a new university had 1,500 students, these in fact served primarily the 200,000 settler community not the nearly 10,000,000 black Mozambicans.

The frenetic late 1960s, early 1970s boom rested on shaky foundations. Mozambique's visible exports rarely covered even half of visible imports. Sales of transport, labour (remittances partly via a favourable price gold contract) and tourism to its neighbours both earned more than visible exports and constituted the most dynamic sectors of the economy. Electric power from Cahora Basa to the South African grid was an intended addition to the structure. Portugal was for the first time pumping substantial financial resources and numbers of settlers into "Portugal in Africa" as it styled its African colonies, but primarily for political and security reasons more than for economic ones. Human investment in and economic welfare of black Mozambicans were not among its objectives.

Black Mozambican literacy was at most 10% and primary enrollment under 40%. Life expectancy at birth was under 40 and infant mortality over 175. The income of most African households was under US\$ 200 a year (US\$ 30 per person) because of the huge gap between settler and Mozambican incomes and the relegation of most of the familial agricultural sector to the role of a partial support base for migrant workers to South African and to Mozambican mines, farms and towns. Not only professional and administrative jobs but also artisanal and skilled - e.g. locomotive and crane drivers, mechanics, bookkeepers, farm technicians, hotel head waiters - were wholly or largely filled by Portuguese and even small-scale retail trade (beyond market

stalls) was virtually totally foreign or minority community owned and operated.

Over the first eighteen months of independence from mid-1975 (plus the twelve of transitional government preceding it) about 90% of settlers left. The physical sabotage they committed was noted at the time, but the most basic and lasting damage was that with them went at least 80% of Mozambique's always slim human capital stock plus the institutional procedures and memories needed to keep many technical institutions and processes functioning. For example, the Portuguese rural small trader, transporter, lender network was exploitative, racist and deeply resented. But it was the link between rural Mozambican consumers and producers and the towns and markets. With independence, the network (including traders, lorries and stocks) more or less literally drove and flew away, leaving a near void which has yet to be filled satisfactorily.

At the same time the external service earnings base of Mozambique began an abrupt decline that was continue for a decade. South Africa squeezed out Mozambican non-mining and unskilled mining workers - probably two-thirds of full time workers terminated during the first five years of independence - and rapidly diverted over half of transit cargo (in revenue terms) to South African ports for mixed political and economic reasons. The tourist sector collapsed and transit traffic with Rhodesia (and therefore Zambia and Botswana via Rhodesia) was suspended in accordance with the UN embargo until it became Zimbabwe. Electricity exports failed to grow as planned even before armed bandit sabotage choked them to a halt in the 1980s.

Natural and Economic Context Disasters

Mozambique, like the rest of Southern Africa, was enmeshed in a drought cycle from the late 1970s through the mid-1980s. The Southern Provinces (Maputo, Gaza, Inhambane) and Tete are particularly prone to drought (including irregular rainfall distribution and crop blasting by unseasonal heat waves) albeit not every province had a drought in any one year or any in all years. Secondary natural damage came from floods and two major typhoons.

Like most SSA agricultural product exporters, Mozambique's terms of trade deteriorated rapidly and radically after 1980. Cotton, tea and sugar (whose price travails began in 1976/7) have fared particularly badly.

Cashew nuts and prawns have performed better than the average for African export commodities. However, to date the main export side problem has been the 1974-86 fall of over 80% in both visible and invisible export volume, not the terms of trade. What the terms shifts do mean is that even were early 1970s export volume restored there would still be a very severe visible plus invisible trade deficit.

War and Economic Destabilisation

Independent Mozambique has never been fully at peace. Rhodesian raids and their creation of the armed bandits who call themselves Renamo marked 1974-79. However 1979 - mid-1981 was characterised by low levels of conflict. The buildup of war-related social and economic costs dates largely from South African's relaunching on a larger scale of the armed bandits in mid-1981.

The social, human and economic costs of the war have been set out elsewhere - notably the Gersony Report (USA Department of State, Washington, D.C., 1988), Children on the Front Line (UNICEF, New York 1987, 1989, 1991), and South African Destabilisation: The Economic Cost of Frontline Resistance to Apartheid (UN Economic Commission for Africa, October 1989). However, certain aspects need highlighting to understand the poverty and human condition situation in Mozambique and the pattern of actions taken to address it.

The two main aspects of bandit activity have been targeted destruction of major transport and other economic assets and widespread terrorism with two main aspects - destruction of hospitals, clinics, schools and the social service infrastructure and personnel and repeated attacks on farms and villages to make normal rural life, including food production, impossible. Both aspects have done massive damage. With the exception of the lines to South Africa, Swaziland and Lichinga (which have also been sabotaged but less) every rail sub-system has been subject to major and repeated attacks and only the Beira line to Zimbabwe has been kept operational throughout while two (Limpopo Valley to Zimbabwe and Nacala to Malawi) are only now reopening and one (internal line in Zambezia) is now being rehabilitated. The transmission lines from Cahora Basa dam and the ancillary facilities of the two cement plants are other examples of sustained attacks as are tea and sugar estates.

The terrorist attacks have resulted in well over half the rural population being forced to flee as internal dislocated persons or external refugees at least once while virtually all rural districts have been affected. As of early 1989 dislocated and severely affected people numbered over 4,600,000 and external refugees 1,200,000 out of Mozambique's total estimated rural population of about 12,600,000 (13,800,000 including refugees). Similarly the continued rebuilding of health posts destroyed or severely damaged by the bandits has meant that over 1981-86 the Ministry of Health had built and rebuilt more posts than existed in 1981 but had fewer operating units at the end of the period.

In macro-economic terms, the losses included a collapse of export earnings from over US\$ 260 million (visibles plus transport) in 1981 to about US\$ 125 million by 1985. Domestic marketed food production fell to 10% of minimum demand and household food production for own provisioning probably fell by a quarter. Overall estimates of 1980-1988 war-related loss of output have been made which - in 1988 prices - come to the order of US\$ 15 billion and indicate actual 1988 output less than half what it would have been in the absence of war and the continuation of the 1977-81 recovery and development momentum.

In human terms the cost includes absolute poverty percentages over 60% nationally and probably over 67% for rural areas. It includes hunger, trauma, the destruction of civil society and family bonds in many rural areas, loss of access to health, education and water, destruction of assets (houses, crops, livestock, tools, seed, clothes) leading to pauperisation from which restoration of household production is very difficult. War-related death estimates by UNICEF for 1980-88 total in the order of 1,000,000 - half infants and young children who would have lived had the 1975-80 expansion of primary and mother and child basic health care and associated mortality falls been able to continue.

In the 1980s war has been, as the 1990s open and remains, the dominant single cause of absolute poverty in Mozambique. It also results in a certain division of economic policy with life sustaining and rural rehabilitation programmes largely grouped under the Emergencia rubric, and financed by special appeals while urban economic and social policy are more integrated and more responsive to what one normally considered economic

actions (e.g. in respect to prices, exchange rates, fee levels, minimum wages).

National Economic Policy Prior to PRE

As the discussion of the colonial heritage and exodus indicates, independent Mozambique inherited a destabilised economy and very little human capital to run it. 1973-76 was marked by economic decline and 1975-76 policy by crisis management which did halt the decline and restore growth beginning in 1977 and reaching about 5% a year in 1980 and the first half of 1981.

Limited personnel led to attempts to economise on numbers needed and to centralise decisions. This led to considerable rigidity and slow response to changing circumstances and - given a weak data base and poor communications - frequent mistakes.

The attempt to save the modern (settler farm/plantation) agricultural sector which was central to over half of urban provisioning and provided two-fifths of merchandise exports led to a state farm-focused strategy and to little attention to the familial (peasant) sector. In practice lack of technical capacity and - especially after 1981 - import capacity meant that this sector decayed rapidly while also using disproportionate amounts of state finance (capital and subsidies) and of imports.

Nationalisations in Portugal (of the parents of Mozambican subsidiaries) and abandonment or gross mismanagement of many small, medium and large scale enterprises led to the acquisition of a very large and rather random state enterprise sector largely bereft of managerial and skilled personnel and of working capital. Again personnel and import constraints (plus the demands of other new enterprises created on a planned basis) led to very serious declines in output and efficiency in many cases.

The delay in joining the World Bank/IMF and the ACP for about a decade after independence and the low levels of grant aid mobilised before the mid 1980s led to an external financing policy based largely on export or supplier credits and analogous loans. This debt burden became increasingly onerous after 1981 as output and exports declined while interest and repayment requirements rose. Even without the war, the 1980-1990 plan strategy of large scale, high technology enterprises largely financed by

short to medium term external semi-commercial lending would have faced very severe problems.

The macro-economic collapse caused by the war plunged Mozambique into spiralling fiscal and foreign exchange deficits leading to generalised shortages, inflation and parallel markets. Crisis management within existing parameters could at most slow the process and provide limited protection to basic services and basic food supplies in urban areas. Without either an end to war or massive external debt service financial flows, it could not stabilise or create a base for recovery.

PRE and Precursors

From 1983 (the 4th Party Congress), Mozambique had committed itself to greater flexibility (including substantial governmental decentralisation), streamlining and cutting back on illogical elements in the state enterprise sector and focusing more attention and resources on the rural familial sector as well as pressing on with the (over 1975-81) successful broadening of access to health, education and water (human investment) programmes. These shifts were delayed and those requiring substantial resources aborted by the rising financial, impact capacity and security crises.

In 1986 Mozambique began a series of structural adjustments to its economic policy. These followed accession to the World Bank/IMF and ACP as means to diversifying and strengthening (and in the case of ACP and IDA softening) its sources of external finance. Austerity and efficiency were restressed in the context of the worsened fiscal and economic climate (Mozambique's fiscal policy has always been conservative in intent but the initial transitional and subsequent war crises prevented the realisation of the intent except in 1978-80).

The formal 1987 PRE in many respects is a fairly standard Stabilisation and Adjustment with growth - especially as to instruments, e.g. devaluation, price and market freeing, subsidy reduction, credit control. It has been described in detail elsewhere and what follows are only a summary of the main social and human dimensions aspects and problems.

Mozambique's PRE has stressed the need to inflate local demand (from wages and crop sales) to validate increased production (especially in industry) as well as of production to meet demand. Thus, in principle and to a not

insignificant extent in practice, it has been concerned with employment expansion and real wage stability. Those are items consistent with Structural Adjustment logic but rarely put at the centre of initial country programme strategy in the way they have been in Mozambique.

Problems in respect to poverty have arisen because of:

- a. rapid price increases (how rapid is difficult to estimate because of greater accessibility at official prices and some falls in candonga or parallel market prices) which have repeatedly tended to run ahead of nominal wage increases, especially in April-December 1988;
- b. subsidy reductions (virtual elimination in the case of food) which led to price rises notably in respect to staple food, rents and utilities;
- c. wage increases which, while keyed to basic goods costs increases and particularly so at the minimum wage level, did not fully prevent erosion of real purchasing power;
- d. real purchasing power reduction in government budget allocations - especially to health and education - partly, but by no means uniformly, offset by increased grant aid not included in the government budget.
- e. fee introductions or increases in particular in respect to health and education which led to demonstrable access barriers for poor households while achieving only marginal revenue gains;
- f. probably substantial real income erosion for peri-urban, food buying farming households and limited gains to others because ability to produce, market and buy remained very limited in all but a few special cases such as coastal cashew-nut production.

The main rural survival, rehabilitation and poverty containment thrusts were through Emergencia which expanded its coverage and its receipts substantially after 1984 and especially from 1987.

Present Situation

The Mozambican economy remains fragile, unbalanced, run down, war-torn and poverty-ridden. Renewed growth began at under 2% in 1986 and continued at about 4% in 1987 and 1988 with a 1989 projection of 5%. However at output

levels of under US\$ 150 and population growth estimated at over 2.5% that means at most US\$ 2.00 to US\$ 3.50 per person per year over 1987-89.

The government's fiscal position has become less exposed - more from soft aid receipts than from real revenue growth albeit the latter has been significant. Improved financial performance by some state and private enterprise has reduced operating subsidy requirements and increased tax revenues.

Manufacturing output has risen but now faces serious distribution and, perhaps, purchasing power constraints. Crop production in the familial and commercial sectors has risen but from a very low base in respect to marketed output and a very uncertain one in respect to household self-provisioning (so called subsistence).

The 1986-90 recovery is fragile, incomplete and limited. It remains dependent on massive external support for emergency, recurrent and capital expenditure. 90% of officially recorded visible imports are financed by external sources.

New Opportunities And Challenges

Since early 1988 the security situation has changed substantially. Despite fluctuations in particular areas and a concentration of terrorism in Maputo Province the overall rural security position has improved incrementally and, in sum, dramatically.

This has not resulted in an end in the loss of life or of output. By the end of 1990 the human toll of war had reached 1,100,000 dead who would otherwise have been alive of whom 666,000 infants and young children). However, the decline in attacks on health facilities had reversed the trend decline in functioning units and under five mortality had been pushed down from 325 to about 300.

Similarly the cumulative loss of output (gross domestic product) stood at \$ 22,800 million and the annual additional loss at \$ 4,500 million in 1990 prices (approaching double achieved GDP). While growth - including increases in overall agricultural output, food production and transport traffic - had reached a 5% to 6% annual rate they were from a base cut 50% by the 1982-86 wartime devastation and loss of investment.

The estimated number of refugees has climbed to 1,500,000. This like increases in numbers of deslocados and afectodos represented not so much worsened as improved security. Breaking bandit power allowed previously enslaved or isolated households to flee to more secure areas or to neighbouring countries. From mid-1988 substantial and growing numbers of refugees returned. The total may well have reached 200,000 by the end of 1990 - over 125,000 in Tete Province, particularly to Angonia and adjacent districts.

The approach of peace and the first results of winning enhanced security open new opportunities. Rural life and services as well as agricultural production and transport can be restored. Over 6,000,000 refugees, dislocated and affected people can return to rebuild their homes and livelihoods as can perhaps 2,000,000 pauperised but still in their home districts.

However, to state the opportunity is to pose the challenge. Over half of the people of Mozambique need to rebuild their homes, livelihoods and lives. Over a third need to move - in many cases long distances to do so. Most face that task with little more than the clothes they wear and their bare hands.

Similarly, to restore and expand basic rural health, education, water and sector familial agricultural services and to rebuild infrastructure requires a nationwide network of public servants with skills, materials and finance.

The 1980s have driven that service from much of the countryside, starved it of resources, delayed badly needed remedial and upgrading training and gravely eroded its morale and self-confidence. The heavy dependence on expatriate operational personnel and institutions has, no matter how crucial to short term survival it may have been, gravely decapitated Mozambican national strategic and coordinating capacity. To reverse these processes will be a Herculean task requiring at least a decade to accomplish.

Further, peace will require demobilisation and livelihood rehabilitation for perhaps 100,000 combatants (or 600,000 persons including households). Idle armies and especially ex-combatants with weapons discharged into penury are incompatible with peaceful rehabilitation and development. Like

broader livelihood rehabilitation, rehabilitation in the context of demobilisation is an area in which there is little African experience on the scale objectively needed in Mozambique in the 1990s. The difficulty of meeting this challenge is compounded by donor institutional structures and so-called 'emergency fatigue'. Emergency survival (calamity relief) and adjustment/development support are usually rigidly compartmentalized. Rehabilitation is excluded from both compartments. As a result the needed switch of external resources from Emergencia to Rehabilitacio will be difficult to achieve. The over 50% cut in 1990/91 Emergencia pledges from 1987/89 averages is a warning sign, even though perhaps half the cuts were restored at the Consultative Group meeting when their consequences - quite literally the spectre of famine - became clear.

Structure of Paper

The balance of this study is divided into six parts. The first examines the nature of structural poverty and the use of structural adjustment as a coherent instrumentality of development strategy to reduce the number of households in absolute poverty by enabling them to produce more; through post-war livelihood rehabilitation; and through provision of safety nets (emergency survival and income support). The second provides a more schematic survey of absolute poverty and vulnerability (danger of being precipitated into absolute poverty) in Mozambique. The third and fourth review main causes and characteristics of absolute poverty in urban and rural Mozambique. The fifth addresses overall policy issues of the struggle against absolute poverty with special reference to civil service staffing and incentives; to community contributions, fees and household incomes; and to rehabilitation of livelihoods. The final chapter explores sectoral policy implications with special reference to decentralisation, coordination, participation, institutional structures and the Priority District Programme.

Particularly in the last two chapters the goal is not so much to provide answers as to raise questions; to provide guideposts rather than to construct a highway; to develop a participatory articulation process not to impose a rule book.

CHAPTER II.

ABSOLUTE POVERTY REDUCTION: A STRUCTURAL PRIORITY

A.

Development, Structural Adjustment and Absolute Poverty

Development is about people - as ends for which it is attempted and who benefit (or suffer) from its successes and failures and also as the primary means for its accomplishment. Certainly output of goods and services is important. In poor and lower middle income countries no realistic economic or political scenario does not require more resources per capita to meet needs (including that of political viability) and to provide incentives. Stability (or sustainability or balance) is also important because without it increased output of goods and services will not continue and because many kinds of instability - of law and order, of public policy, of food entitlements, of employment have very adverse affects on human beings. But there are crucial intermediate ends because of their impact on the ultimate end of human welfare (individual, household, community, social).

But over 1945-1970 the poorest 25% to 50% of the households in all but a few poor and lower middle income countries made limited gains - if any - even though, on average, GDP per capita rose 1% to 2½% a year. Therefore, it came to be argued by conservative economists (e.g. Arthur Lewis) and major agency heads (e.g. President MacNamara) that development strategy needed to incorporate components specifically aimed at achieving the reduction of absolute poverty.

As very general principles the foregoing paragraphs are rarely denied. However, attention to intermediate ends has a tendency to shove the underlying ends either to the periphery of actual operational strategy, policy and resource allocation or to be used to justify their deferral to the distant future. This is illustrated by the World Bank's recent Long Term Perspective Study. After demonstrating that over 1970-1990 many African economies and people have endured output, public service access and/or household consuming power declines of the order of 25%, it articulates a transformation to sustainable growth strategy with under 1% annual rise in per capita output and 0% in per capita private consumption for 1990-2010. The difficulties of demonstrating the feasibility of even

this high a growth rate are very real and it does represent a turnaround. But is it humanly acceptable? In particular will it be acceptable for two decades to African people either as to social and political cohesion or as to providing adequate incentives?

Equally it would be disingenuous to suppose that any government ever valued the welfare of all residents/citizens equally. By and large it will (of necessity) place a particularly high weight on those of its present or potential supporters. It will also need to consider the needs/demands of groups able to block programmes or policies. For example, demobilisation support for ex-combatants is necessary insurance against pre- or post-demobilisation violence as well as a way to protect a vulnerable group. This is not to deny that some governments do have a genuine concern for all their citizens and that for them "public interest" has a meaning. Nor is this public interest concern linked to any single political perspective. The political projects of the governments of Botswana, Mozambique and Tanzania vary significantly but a high priority to the public interest and to poor household welfare is apparent in each governments policies and resource allocations. It is to say that unorganised poor people not perceived as supporters of a government nor relevant to its achieving its policy aims, including staying in office (whether by elections or otherwise), are unlikely to receive systematic priority attention in operational strategy, policy, programme and resource allocation decisions.

Structural adjustment - or at any rate sustainable structural adjustment with growth - is about development and at the very least is a medium term, systemic approach. It does seek to comprise major macro and sectoral strategic, policy, programmatic and resource allocation decisions. To suppose that development objectives not embedded in a structural adjustment strategy can be pursued effectively in parallel to a seriously pursued comprehensive structural adjustment strategy/programme is exceedingly naïve. To attempt to do so by limiting the scope of the SAP is a recipe for confusion, incoherence, constant conflict and probable limited success (or failure) on all fronts. To attempt to add on social priorities runs a very high risk of peripheralisation.

The above comment does not hold for classic stabilisation programmes which do not posit growth and are short term in nature. Their overriding goal is to regain economic balance rapidly to allow a return to growth and

development if they could achieve that, perhaps one to three year deferrals of social and poverty issues could be defended. Unfortunately, as the Bank's firm adherence from 1983 on, to the rubric "Structural Adjustment With Growth" symbolises, classic stabilisation programmes are most unlikely to achieve their objectives in the majority of SSA economies if they are not complemented by growth, rehabilitation and injection of external resources as medium term means to close external and fiscal account gaps.

Absolute poverty afflicts about one-third of the people of Sub-Saharan Africa according to the estimates contained in the 1990 World Development Report - Poverty. In proportion - not in absolute numbers - this is comparable to South and Southeast Asia as the highest incidence in the world. In SSA - unlike the Asian region - the proportion has been rising during the 1980s. Nationally the proportions vary from 60% or above in Mozambique, Ethiopia and Sudan to very low in Cape Verde, Mauritius and Botswana (after transfer payments).

On a household income basis, absolute poverty can be defined as an income level (cash and self-provisioning) over a minimum nutritionally adequate diet or as comparable to the poorest 40% of the population of India or by a more complex basic consumption needs yardstick. Neither the definition nor, especially, the 'count' (more accurately rough and ready estimates) are particularly precise. Nor is the borderline between absolutely poor and plain (or less) poor precise. But the category does mean something and is identifiable - not least by those locked into it.

While global data tend to concentrate on the household income aspect of absolute poverty, access to basic services including health-education-water, extension, infrastructure (e.g. transport and communications), markets and family planning are no less relevant. In the first place they do affect household welfare - as perceived by poor people. In the second, their absence is often a major contributory factor to present low household incomes and an even greater obstacle to poor households raising their real incomes in the foreseeable future.

If development is about people and on average a third of the people are absolutely poor - and that percentage is stagnant or rising - development needs to address the issues relating to how these households could share in gains in output. And if development is being conducted within a structural adjustment with growth and transformation frame, then the SAP also needs to

address reduction of absolute poverty seriously if any serious results are to be attained. That is not to say either that SAPs cause absolute poverty nor that SAP negative impacts on absolutely poor people should be offset by special measures limited to this sub-category. It is to assert rather more - that absolute poverty represents an unsustainable structural imbalance (on the productivity-production-consumption and on the access to basic services fronts) which it should be a priority of any comprehensive SAP to reduce just as much as fiscal, food or external account structural imbalances.

B.

Who Are Absolutely Poor?

Absolutely poor households are not homogeneous as to location, sources of income, degree of poverty. That is true in any country and among countries.

For SSA as a whole about 90% of absolutely poor households are rural. About 75-80% of SSA households are rural and the proportion of rural absolute poverty is higher than of urban. Rural socio-economic groups (overlapping) with high proportions of absolute poverty include households which are:

- a. landless or near landless without substantial, regular remittances from urban working household members;
- b. female headed;
- c. aged or crippled headed;
- d. without significant sources of cash income other than food crops;
- e. isolated (physically or socio politically);
- f. in hostile ecological zones;
- g. victims of natural disaster;
- h. victims of war.

Not all households in these categories - especially "d" - are absolutely poor. But the proportions are almost always above the national average and frequently very high.

Landless or near landless households usually need to earn cash by seasonal labour for less poor or not so poor farmers and by artisanal production of goods and services. If there are many seeking such incomes, earnings per person are usually very low, e.g. in southern Malawi and western Botswana.

Female headed households suffer from a low level of hours available for production of household food and of marketed outputs relative to household numbers. They also are impacted by lack of attention to reduction of women's workload, by unequal access to services and by certain elements in evolving traditional allocation of land access and gender division of labour.

Aged and crippled headed households have - almost by definition - well below average productivity. In rural Africa their presence as isolated households not linked to less disadvantaged ones is usually evidence of a general poverty situation eroding extended family and communal solidarity mechanisms.

Isolation in the physical sense - e.g. far from transport routes - lowers access to services and markets. It may or may not affect self-provisioning output but it does reduce cash income and availability of health-education-water and extension thus lowering ability to consume. Socio-political isolation has the result of low government resource allocations and, in practice, an impact like physical isolation - indeed it is one cause of physical isolation.

Having only food crops to sell - whether because of ecological or access or market availability reasons - often leads to selling food even when the initial output was barely adequate for self-provisioning. Much of Northern and Upper Ghana illustrate this causal pattern. However, larger food cropping households with good market access, e.g. much of eastern Ghana, are rarely absolutely poor - their specialisation in food production is a genuine choice.

Location in a hostile ecological zone, e.g. drought prone, low soil fertility, eroded is a major cause of absolute poverty in many countries.

Parts of the Sahelian Zone and many Ethiopian/Eritrean districts are examples.

Victims of drought (or flood) are often likely to remain absolutely poor after the disaster has passed. This is particularly true if they have been forced to abandon their homes or were pastoralists because in these cases the costs (especially the cash costs) of re-establishing their livelihoods are high relative to interim earning possibilities and (usually negligible) remaining assets. The same is even more true of war victims whether internally displaced persons or international refugees.

Urban absolutely poor households are perhaps 10% of the total in SSA as a whole. However, this varies widely. In Zambia, which is 60% urban and peri-urban, they may well be of the order of 40% because peri-urban and compound absolute poverty rates - except for access to health and education services - appear comparable to many rural districts. In any case 10% of the total implies of the order of 10-15% of urban households which is not negligible. The perception that urban absolute poverty is negligible has been untrue in some areas - e.g. the exurbs of Dakar, Mathare Valley and its successors in Nairobi, Kinshasa's bidonvilles - for at least 20 years. But it is also true that the 1980s have caused it to increase as a proportion of total absolute poverty: urban economies have often fared worse than rural in output terms, victims of rural disaster have often fled to urban areas, traditional security systems have eroded faster in urban areas under the excessive strains imposed by 10 (or in some cases nearly 30) years of economic unsuccess.

Urban household absolute poverty tends to be concentrated in the following groups:

- a. drawing on only one income source (excluding salaries and business proprietorships);
- b. lacking any formal sector wage earner;
- c. female headed;
- d. aged or crippled headed;
- e. victims of natural disasters, sacking (including 'redeployment') and war.

f. gaining primary income from informal sector employment or urban petty commodity production.

Single income sources tend to be inadequate to keep a household of average size above the absolute poverty line. (Similarly, in Western Europe and North America the rise in two income households in the 1980s appears to relate in large part to the need to do so to maintain achieved household consumption standards, albeit ones well above the absolute poverty line.) For example, in urban Mozambique households with one formal sector job and access to a self-provisioning (or cash sale) green zone plot rarely appeared to be in absolute poverty (as tested in this case by young child growth faltering) whereas comparable households without such access were. As a single minimum wage could be estimated to cover two-thirds of household absolute poverty line requirements, this is a not an unpredictable result.

Lack of a formal sector job frequently results in absolute poverty. Unless at salary level that job - even including fringe benefits/allowances - rarely covers needs fully. But it is a crucial - and relatively stable - building block in a multi income household budget.

Female headed households suffer from women's non-income generating workload, the likelihood of lacking a formal sector job and the low number of adults able to earn incomes relative to household size.

Aged or crippled headed households have even greater problems in achieving adequate incomes in urban that in rural areas - and less chance of integrating in not related less poor or not so poor households.

Victims of natural disaster or of war who have fled to cities and not been able to join existing households have rarely been able to build adequate multiple income structures. They are late-comers with limited urban experience and contacts in an overcrowded labour pool. This also applies to those sacked from economic decline and/or SAPs. Further, these 'redeployees' usually have been low skill, low initiative required (or allowed) employees whose chances as genuinely self-employed persons (as opposed to getting some income as "casual" workers) are very low.

Informal employment and urban petty commodity production as main income sources are often inadequate to escape absolute poverty. Most "informal

sector" participants are in these categories - e.g. cart pushing and bag carrying, counter assistants or drivers mates, traders operating on a tiny scale on one day credit - not self-employed proprietors in any meaningful sense.

Again there are no categories in which all households are absolutely poor. Equally, as with rural, these categories overlap. A household headed by a crippled woman whose sole income is from petty commodity trade is a near certainty to exist in absolute poverty, a small household headed by a man who is aged but has bookkeeping skills is unlikely to be absolutely poor even if his pension is negligible.

Vulnerability is sometimes used as a synonym for poverty. That is confusing. A better definition would be that of households not now poor (or absolutely poor) but identifiably at risk of becoming so. Living in a drought prone area or a war zone would be examples as would, in some countries, employment at low pay in a routine, low level public sector job.

C.

Why Does It Matter?

The ultimate reason for concern with absolutely poor households is human and normative. Very few people act fully on John Donne's "Ask not for whom the bell tolls, it tolls for thee" but relatively few (except when their and their household's literal survival is at stake - and not always even then) totally deny it. The characteristics of a society practising triage and categorising the absolutely poor as beyond help so targets for exclusion, the poor as unlikely to recover so eligible only for routine attention and only the not so poor and not poor as promising cases for full treatment are, perhaps, so uncongenial as to lead not merely to widespread revulsion but also to inadequate social and political cohesion and solidarity to work very well for very long.

The human concern is probably increased by the facts that higher proportions of women than of men and of children than of adults are afflicted with absolute poverty. In the case of women the primary causes are the work overload on female headed households and their low income earner/household size ratios plus the high proportion of women in refugee and displaced person populations. In that of children the reason is not

that absolutely poor households on average are larger. Au contraire - in much of Sub-Saharan Africa less poor and not so poor households tend to add individuals (related but often not very closely) who would if isolated be absolutely poor. The reason appears to be the higher ratio of children to adults in female headed households and in refugee and displaced person groupings, both of which are household level high absolute poverty groupings.

The second and third reasons absolute poverty - at least when at high levels and widely dispersed - matters are social and political. Socially, absolute poverty, low chances of climbing out of it and high vulnerability to falling into it are very damaging to morale. Further, they erode traditional and evolved household/community safety nets at a time when full scale government substitutes cannot be provided. Politically a situation in which 20% to 60% of the population are effectively excluded from full human existence, from social participation and from hope is fragile and brittle. True, the absolutely poor by themselves rarely make revolutions or even urban riots and rural uprisings. But widespread absolute poverty (especially urban) and vulnerability do pose threats to political stability - or even survival - e.g. major subsidy cuts and 'redeployment'. And urban absolutely poor households are potentially mobilisable by other anti-establishment groups on the basis of minor handouts now and major promises for the future, whatever the likelihood of delivery on the latter.

Ecologically absolute poverty - and lesser poverty kept above the absolute poverty line by land or tree mining - is destructive. Need, in most SSA contexts, denudes more hillsides and impoverishes more soils than greed. Most African rural households do believe the land was left in trust by their ancestors to use and to pass on intact or improved to future generations. In that sense traditional peasants are now more modern (up to date) than the modernisation school of development! But if not cutting trees and bushes (even knowing erosion and loss of future fodder-food-fuel-building materials will result) means no cooked meals or no cash income now and not overtilling (shortening rotation, using steep slopes without building terraces) and/or overgrazing means not enough food to survive now long term prudence cannot be acted on - the dead, including dead children, can neither rebuild livelihoods nor inherit the land.

The interaction of poverty (including less poor) and population growth is two way - but in Africa the dominant direction is arguably poverty leading to high birth and population growth rates leading to ecological degradation. High infant mortality, low economic success chances for any surviving child (especially from a poor household) and absence of old age security other than surviving, economically prosperous children enforce high birth rates. These do raise infant and maternal death (and illness) rates and deplete per capita current household consuming power (as well as schooling and job access probabilities) but they rarely cause increases in the overall death rate fully counterbalancing them. Granted African population growth rates - in the past severely underestimated - are probably overestimated now (vide the recent Ghanaian, Zimbabwean and Tanzanian Census results) which implies fertility may be falling (as well as death rate declines slowing or halting). That appears to relate to higher urbanisation, lagged response to past falls in infant mortality, and more female education acting opposite to the poverty impact.

But absolute poverty has economic costs too. At a very simple level it is evident that since SSA's principle resource (with a few country exceptions) is unskilled or semi-skilled labour and in particular rural labour. To have even 10%, let alone 60%, locked into a bare survival level of production cannot be economically efficient. This is especially true when - as is often, albeit not always, the case - the complementary (scarce) resource requirements, especially for imports, to added output ratios are lower for less poor and absolutely poor households than for the economy as a whole.

At micro economic level enabling households to climb out of absolute poverty would clearly raise the incomes of these households, of communities and areas in which they are concentrated and of households and enterprises from whom they do (or would if they could) buy. Clearly there are opportunity costs, but if the labour share of enhanced output is higher and the import share lower than the national average, then the net multiplier effect even on a straight reallocation of resource inputs to households from outside would be positive. If additional external resources can be mobilised and over time households escaping from absolute poverty have relatively high saving/investment ratios (not least by direct labour inputs into their own livelihood bases) this effect will be enhanced at micro and macro levels.

The macro economic gains flow in part from the net multiplier effect. More specifically: food production, export production, ability to sustain efficient markets in rural areas, demand for urban informal sector goods and for manufactured goods more generally and employment/self employment are all constraints not simply on human welfare but on development (including structural adjustment) and economic growth. In each case the relevance of reducing the proportion and numbers of households in absolute poverty is strong. The degree varies with the proportion in absolute poverty, the feasibility of transfer payments on a broad front and the economic structure. It is arguably lowest in Botswana and Namibia and highest in Mozambique and Ethiopia. But in a majority of SSA cases it should be both positive and significant.

The overall case why absolute poverty reduction matters was put by Adam Smith (both as a moral philosopher and a political economist) when he argued that no nation could be great and prosperous the majority of whose people were poor and miserable. There is a direct application to LTPS type recovery and transformation scenarios. 4% growth is not socio politically sustainable. It will lead to strategic collapse by implosion (or if one prefers "adjustment fatigue" - the rather more serious and objectively justified analogue to the more discussed "aid fatigue").

Growth at 4% allows no average personal consumption gains over the period to 2010. Given late 1970s (or in the most prolonged cases early 1960s) to date falls that is not a recipe for which sustained political support against cargo cult populism and other types of adventurism can be maintained for 20 years. A change of trend from negative to flat plus some initial recovery can gain 5 or even 10 years but that initial legacy wears off if the recovery is partial and plateaus far below past peak attainments - e.g. Ghana.

To argue that -2% at the top and +5% at the bottom can be achieved by redistribution is unreal. Redistribution away from the not so poor and not poor out of a static total by conscious policy measures is very hard. Further, the "deserving not so poor" in Africa - professionals, technicians, genuine entrepreneurs - need incentives to be more productive (or indeed in a not insignificant and growing number of cases to stay in their countries at all!). Perhaps these can be offset by cutting incomes of the "undeserving not poor", e.g. bribe givers and takers, "entrepreneurs

of adversity" (wingless, jet flighted two legged vultures) etc. and/or by the achievement of peace. But to ensure reduction of absolute poverty and some gains for the less poor and not so poor requires 5% to 6% growth rates. Looking at the purely economic parameters it is very hard indeed to see how these can be achieved other than from enhanced production by poor - including absolutely poor - households.

D.

What Is To Be Done? A Strategic Overview

The details of activities which reduce absolute poverty are frequently very context specific. To attempt to articulate them in simple, homogeneous terms even for a whole province or region, let alone a country and least of all SSA (or the world) is likely to be highly counterproductive. The only simple, concrete, universally applicable answers at that level are wrong ones. At the level of strategic formulation matters are somewhat different - a general model can usefully be attempted.

In SSA its main elements are:

- a. enable absolutely poor households to produce more;
- b. provide increasing access (toward universality over a finite period) to basic services including "human investment" (health-education-water), extension (not only in agriculture), infrastructure (especially transport and communications) and commercial;
- c. restoration of peace and of law and order (which however inadequate as sufficient conditions for development have tended to be grossly underemphasised as virtually necessary ones);
- d. provision of safety nets (survival support) for these households and isolated individuals who temporarily or permanently cannot produce enough to survive or escape from absolute poverty.

This formulation - except for its third element as a separate strategic component - is not particularly novel. WDR-1990: Poverty's is relatively similar. However, it is uncomfortably true that the emphasis - verbally and in resource transfers - on "b" and - more recently even verbally and

except for disaster, including war, victims still with little resource backing - on "c" has rather obscured that a - more production by absolutely poor people - is central. It suffers not so much from conscious rejection but from the apparent near invisibility of absolutely poor people to programme and project designers - with the very partial exception of rural public works. Similarly "b" has here been reformulated to link basic human services with production enhancing services (albeit extension could also be linked with primary and adult under basic education), with physical infrastructure and with access to reasonably functioning markets (commercial infrastructure).

The elements are conceptually separable. In practice "d" is separable in high income economies (and probably upper middle income ones with broadly participatory systems of governance) but cannot be the main instrument for absolute poverty reduction in SSA. Even in Namibia, Botswana, Mauritius and Seychelles (the first of which has and the others could afford universal old age pensions), the cost efficient way of reducing the number of households in absolute poverty is usually to find means to enable them to produce more. Elsewhere the resources for broad and strong safety nets do not exist. "C" is a condition - perhaps not precedent to but at least in parallel with, "a" and "b". And "b" is both a necessary condition for sustained progress on "a" and a resource allocation cluster which cannot be sustained, let alone advanced to universality, unless absolutely poor and less poor households do in fact produce more.

Following a digression on the relationships of structural adjustment and absolute poverty - to date in fact rather low either as a portion of the problems or of the answers - production by absolutely poor people, extension of access to basic services and safety nets will be articulated in separate sections. A briefer note on peace-law-order is included here.

War causes absolute poverty in three ways. First, there are direct casualties - physical, psychological and economic. Second, cutting of communications hampers production generally and real and reasonably feared violence makes production in many rural areas very difficult to impossible. Third, the diversion of resources to defence cripples allocations to directly productive investment, to infrastructural investment, to basic services, to maintenance including diverting scarce high and middle level personnel and top policy decision taking capacity. A similar, if lesser,

impact can result from massive inflows of refugees. The third cost cluster can have a massive impact even on countries with very limited fighting on their own soil, e.g. Zimbabwe, Tanzania, or limited fighting at all, e.g. Malawi, Zambia. Their interaction and rough magnitudes have been spelled out for Southern Africa in UNICEF's Children On The Front Line. If there were a comparable study, it would show an analogous picture for the Horn and - over the past two years - Liberia while in the past, Zaire, Uganda and Chad have been as severely impacted.

The costs can run to over 100% of actual wartime GDP (e.g. Mozambique), the proportion of refugees and dislocated persons to over half of all absolutely poor people (e.g. Angola, Mozambique), the resource diversion to over 40% of government expenditure and personnel (e.g. Angola, Mozambique) the loss of probable growth to 5% a year (e.g. Occupied Namibia, Mozambique, Angola and perhaps Zimbabwe). Similar examples could almost certainly be cited from the Horn if comparable analytical studies had been carried out.

To reduce these crushing costs requires peace. This is not to comment on the causes or justice of particular wars. It is to recognise that when states or governments perceive a real risk of overthrow by force they are rarely open to arguments for resource allocations away from security/defence - and especially not by outsiders whether citizen or expatriate. (Treasuries sometimes have somewhat better, if limited, results, e.g. Zimbabwe, Tanzania, recently Mozambique). But demonstrating the economic costs of war can in some contexts - especially when a strategy toward peaceful resolution is plausible and has some top level political backers - increase the probability of negotiated settlements.

Peace in the sense of absence of war is not fully adequate. Widespread, violent lawlessness - e.g. rural Buganda well before 1965 and during 1979-1983 when Uganda was not in a state of war - can be very poverty creating and both economically and socially destructive. So can an absent, grossly biased (by law, by politics or by corruptions) police and/or judicial system. Unless ordinary people are able to go about their daily lives (including production) in confidence that they will rarely be forcefully interfered with by anyone (thieves, police, government, bandits, armies) and that violent interference is forbidden by law and the law will usually be enforced by the police and by the courts, then there is very unlikely to

be much reduction of absolute poverty or sustained structural adjustment or development.

Two points require brief attention - data and absolutely poor/other household interactions. Data on absolute poverty - especially in a form suited to articulated programme design are fragmentary and imprecise. But decisions are taken on them (not giving priority is a decision - often a conscious one); data on many other topics (including viability and requirements of large scale, high capital-import-expatriate intensive agricultural mega projects are no better; until priority is given to absolute poverty reduction the data will not improve much because there will be little demand for them.

Absolutely poor households do not exist in vacuums. Many programmes (most excluding safety nets) benefiting them will benefit other households. But five points are relevant:

- a. in the case of basic services a drive toward universal access is almost the only way to reach absolutely poor households (and women more generally);
- b. some programmes - e.g. basic agricultural input supply, extension and training services for urban artisans - do benefit absolutely poor households more;
- c. in others - e.g. credit, extension - it is necessary to articulate how the absolutely poor will have access at the design stage or they will in fact be excluded during implementation;
- d. increases in less poor and not so poor incomes are not inimical to the welfare of the absolutely poor if within a context informed by the first three points;
- e. one need not quite go as far as Joan Robinson's comment that the only thing worse than being exploited is not to be worth anyone's time and effort to exploit to recognise that effective market access is needed to reduce absolute poverty (as is more formal and informal wage employment) and that most commercial business persons (employers) are not poor unless they are failing and unable to deliver the goods (literally as well as figuratively). Safeguards against exploitation

are often needed but so are successful non-poor merchants and employers are at least as essential.

E.

Poverty and Structural Adjustment: What Linkages?

If structural adjustment is about development, development about human beings and absolute poverty a major obstacle to development, then the appropriate linkage of structural development strategy and policy with absolute poverty is clear. The reduction of absolute poverty enabling absolutely poor people and households to produce more and to have less constricted access to services and to society is a key goal. The structures creating and enforcing absolute poverty require adjustment now and transformation out of existence over a finite time period. In that case the appropriate debate is about ways, means and side effects.

For historic and polemic reasons that has not been the main field of debate. The verbal battles have been over whether structural adjustment was inherently a major creator and enforcer of absolute poverty; over whether SAPs would in the long run reduce it; over whether in the short term the social consequences of structural adjustment could be "mitigated"; in respect to the possibility of adding on social priority action programmes to complement economic. This is a very curious set of parameters for dialogue and one neither advocates of structural adjustment nor of giving high priority to absolute poverty reduction should be willing to accept.

Poverty in Africa - as elsewhere - is not new. It has changed in immediate causation, in who is poor, in some cases in location but not in the fact of its widespread existence. Some - not all - present forms of poverty flow from the structures of the colonial era, as do some present forms of being not so poor. But poverty from drought, war and limited technological capacity for dealing with food storage, unfavourable climates and soils and health has been recorded as far back as records exist (e.g. for over a thousand years in part of the Sahel, Sudan and Ethiopia).

The present forms and levels of absolute poverty include three elements which have little or nothing to do - in origin - with structural adjustment. The first is continuing absolute poverty enhanced (or pushed

down and expanded) in some cases by expanding populations overloading and degrading (by necessity not greed or folly) passable land and pushing out into areas of poor soils (and pastures) and/or risky rainfall. The second is those once vulnerable, now absolutely poor, who have been hit by economic stagnation, decline and/or disintegration. Falls of a quarter or more in per capita output necessarily push down the livelihoods of most households. The vulnerable - low wage, low skill employment whether formal or informal; living in areas of poor soil or climatic risk; dependent on crops whose prices fell or transport routes and commercial networks which fell into decay - households have more or less by definition, fared badly. So have many new young households setting up in a hostile economic climate and those whose particular losses (drought, fire, illness, crippling, death of an adult household member) might have been transitory in good times but have been rendered permanent by the declined caused weakening of family community and state safety nets (survival) and helping hands (rehabilitation of livelihoods). The third are the victims of war - refugees, internally displaced, severely affected - or of parallel war and drought.

In most SSA states the largest category of absolutely poor households is the first. Overall they may well number up to 75 million persons in 12.5 million households - including new absolutely poor households born into that structural context. The second category may be of the order of 40 million persons as may the third but which is largest depends very much on the country. The third group are concentrated in Angola, Mozambique, Sudan, Ethiopia, Somalia, Malawi (including refugees and their fellow poor Malawians who, unlike the Malawi government, bear a heavy burden in helping them survive), Uganda, Zaire, Burundi, Chad and Liberia.

People in these three groups are of the order of 95% to 97½% of absolutely poor people in SSA. And it is enabling them to escape from absolute poverty which is a central challenge to and priority for rehabilitation and development strategy and praxis.

Why then the argument that structural adjustment causes absolute poverty? Indeed why the half acceptance by SAP advocates that the charge is a valid one? Above all, if - as appears likely - only one in 20 to one in 40 of absolutely poor households are even arguably the victims of SAPs why

concentrate - or seem to concentrate - absolute poverty reduction measures on them?

Classic stabilisation programmes do increase absolute poverty, in the short run even if successful both in the sense of recovery of growth and of the poor households initially impacted sharing in the subsequent recovery. Failed stabilisation - the norm in post 1979 efforts which were not married to SAPs with Growth components - leads to initial poverty growth from the continued decline following policy failure. Many of the increases in poverty charged to SAPs either took place before policy changes or relate to what are (usually were) classical stabilisation efforts which failed to stabilise. For some reason the difference between short term, demand compression measures to regain equilibrium (classic stabilisation) and medium term supply enhancement strategies to restore growth and development (structural adjustment) is widely ignored or even denied.

Structural adjustment efforts not backed by higher outside resource transfers have a similar initial impact to classic stabilisation even if reasonably well designed. To restore balance they must cut resource use; to alter structures they must shift resource use (and shifting means taking away from as well as adding to). Tanzania 1983-1986 among national saps not externally 'endorsed' and funded and Zambia in the mid and late 1980s among those with an international "seal of approval", but clearly inadequate external funding illustrate that cause of increased absolute poverty.

Third, pre-1985 World Bank sponsored SAPs did not give priority to absolute poverty reduction not so much by addressing and rejecting it as by passing it by. Their macro balance and directly productive investment plus economic infrastructure rehabilitation/enhancement concerns led to inadequate attention to health-education-water. Their rejection of ill-functioning market intervention did lead to underestimating the perfectly real market weakness, gaps and failures these interventions had - usually - been designed to mitigate. Their tending to see "Eradication of Absolute Poverty" (the Bank's own early 1970s initiative) and "Basic Human Needs" (the ILO's somewhat unfortunately titled thrust toward enhancing poor household production capacity backed by infrastructural and basic services inputs) as concerned with consumption transfer payments and economically irrelevant services affected coverage of production enhancement policies

and allocation of public spending negatively (both as to poverty reduction and as to growth restoration). A somewhat absent minded failure to note how low government expenditure and civil service staff levels were relative to GDP (or minimum requirements) and to population, respectively led to an over-emphasis on cutting useless, ineffective, or desirable but not essential expenditure and employment to close budget deficits rather than to raise essential employment and expenditure and in parallel raise (often very low) government revenue to GDP ratios with additional external resources (including debt service deferral or cancellation) to plug the remaining gap.

All of these criticisms were valid. To some extent several remain so of some programmes. They were the objects of sharp academic, African organisation and government and UNICEF criticism. Except perhaps for the assumption most SSA public sectors have overall too many personnel as opposed to unsuitable employees, wrong allocations and, except in a handful of cases, pay too low to provide adequate incentives to competence, honesty, hard work or even presence, they are no longer general, conceptual and structural weaknesses of most SAP construction and adjustment work.

This is particularly true in an LTPS framework. In that context the message is one of higher overall growth, enhanced food production and household food security, more priority to basic services and infrastructure, higher public expenditure/GDP ratio's for most states (and higher real per capita levels for all but a handful) and - implicitly - more public servants to carry out these programmes (counterbalanced, with luck, by exorcising "ghosts", retiring or firing unusable, achieving a peace dividend of demobilisation). It also is a message calling for higher net inward resource transfers. In parallel most SAPs which are viewed as long running and successful by the World Bank (or anyone else) have come to be characterised by per capita overall output and (less uniformly) food production growth, by rising real expenditure per capita on public services (including infrastructural investment and excluding debt service) and by experimentation (often on a moderately large scale, at least in principle) with social priority programmes addressed to poverty issues. They are not in fact paralleled by continuing rises in overall levels of absolute poverty, albeit declines do tend to be limited and erratic. In that sense the late 1980s debate has been won by the enemies of poverty and advocates of action against it.

But it has been won on the wrong terrain and ended in what could well be a cul de sac with no clear way forward. At least verbally the programmes are - literally in Ghana's case - "Program to Mitigate the Social Consequences of Adjustment". That is an unhelpful approach to understanding or to resolving issues related to absolute poverty:

- a. most absolute poverty is not a social consequence of structural adjustment;
- b. therefore mitigating the social consequences of adjustment cannot - taken literally - touch the core of the problem;
- c. there is a systematic tendency to concentrate on health, education, water and - in some cases - labour intensive infrastructural work (seen as a consumption subsidy with employment and output mitigating factors more than as an efficient way of creating an enabling environment for production) and, with that partial exception, to pay little attention to enabling poor households to produce more;
- d. and in parallel to concentrate resources on livelihood restoration on terminated ("redeployed") civil servants who are often not absolutely poor and are in no case more than 2% of absolutely poor households. The poor design (as to entrants' interests and abilities, the market for the livelihoods promoted and, in some cases, the technical programme content) of most of the schemes is a secondary but additional defect;
- e. with little effort and less success in making these programmes central to SAP strategic design and implementation - even when some other elements of health and education have been integrated.

In practice these programmes are moving in two useful directions. First, little pretence is made that the education-health-water (or to a lesser extent rural public works employment) beneficiaries were impoverished by SAPS. Therefore, in practice the thrust is toward increasing all poor households' access to basic services. Second, the approaches do serve to raise maintenance and operating input (furniture, drugs, textbooks, other consumables, mobility) components of human investment/basic services budgets starved in pre-SAP decline, not - or not adequately - addressed by PIP (Priority Investment Programme) focused sappy and remarkably hard in

the past to 'sell' to ministerial civil servants, Treasuries and/or external funding sources.

But three basic weaknesses remain:

- a. production by poor people is not addressed holistically or explicitly;
- b. the "social" priorities are not integrated with the economic and - by implication at least - are characterised as less central add ons (at worst as baubles hung on the Christmas tree of macroeconomic policy);
- c. the rehabilitation of livelihoods (post war or post natural disaster) area is not treated directly and, by implication, is bundled together with relief to ensure survival during droughts and wars.

F.

Higher Production By Poor Households

If the main thrust of absolute poverty reduction is to be on self-sustaining lines, it must increase poor households production, incomes and consumption. If it does that, parallel public expenditure increases on basic human and extension services and infrastructure can be largely offset by increased taxes collected - assuming a plausible indirect tax system. No other approach is feasible, on a scale which would enable large erosion of the numbers of absolutely poor household units, in more than a handful of Sub-Saharan African economies. The question is - how?

In fact that question - and more particularly answers to it - is an area of conceptual, articulation, of programme and project design and implementation and of results achieved weakness. Micro successes are more common, but they are not readily applicable or generalisable on a broad front with comparable results. One reason is that the techniques of articulation and monitoring, and especially of project design and implementation have been evolved largely (not wholly) to deal with large, medium or hi-tech, capital intensive, high training requirement personnel led, centrally controlled cases. These are probably more or less the inverse of the characteristics of most feasible programmes designed to enable poor household to produce more. A related reason is that it is possible to write about price policy for a country - and to say at least something sensible - even with limited detailed knowledge of its economy

and to articulate large unit centred technical strategies and projects for some sectors (e.g. commercial - albeit not household - energy) by combining standard economic and technical principles with knowledge of a limited number of pieces of macro and sectoral data from a particular country. One cannot do the same in identifying programmes relating to enabling poor households to take advantage of their actual capabilities and of the actual production/sale possibilities open to them. Much more contextual data, which is often very nonhomogeneous over very small physical distances and posits different approaches within any one area, is needed. Without it the objective correlatives to which policy formulations need to relate are invisible and going ahead regardless produces very uneven and frequently negligible (or even negative) results.

Despite the contextual element - or because a large number of contexts have certain elements in common - several characteristics for certain types of production/productivity enhancing programmes can be identified. Three flow from the characteristic of absolutely poor households and crosscut the rural/urban boundary: female income access, labour intensive public works and diversification of household production/income generating opportunities.

Women's income is constrained by total workload and by limited access to employment, land and credit. These constraints are particularly binding on rural, female headed households but are by no means absent in urban low income areas with poor and time consuming (or expensive) access to water, health services, fuel and transport.

The workload problem is very easy to describe: collecting wood and water, tending the sick (especially but not only children) and taking them to medical facilities, household and clothing cleansing and maintenance and cooking are seen as "women's work". In the absence of nearby drinking water, easy access to health posts and reliable, cheap public transport they can take up to 10 hours a day. That leaves inadequate time to produce much to eat or to sell and virtually precludes a full time formal sector job unless children are left on their own or child minders found (e.g. grandmothers or 'grandmothers').

One immediate consequence is that the first step to raising women's incomes often needs to be reducing workload. For this purpose raising productivity e.g. in agriculture - and reducing time spent on wooding and watering (e.g.

village or household woodlot development, broadening access (water) can be equally effective. One raises output per hour and the others raise hours available to spend in the field.

Traditional land tenure normally gave wives and widows secure land to raise food for household provisioning but does so with an unequal allocation because virtually all women were in one or another of male headed households. Modernisation has often eroded the household without evolving tenure to give adult females (as heads of household) direct access to land use rights. This is not so much "modernisation" of tenure but evolution - direct access to land use rights on the same basis as male. This is especially true for women who need to produce not only to provision their households but to earn an income by producing with the intention of selling (e.g. cropping).

Access to employment for women is constrained by their non-generating workload, socially or historically determined gender division of labour and near literal 'invisibility' to potential employers by educational and experience gaps related to their position in the 'accepted' division of labour. How strong customary social norms to women's waged employment are, and how difficult it is to overcome this invisibility varies. Purdah is an extreme case (albeit it is not home based production and trade in goods and services) but even in a majority of SSA Islamic communities. Elsewhere seasonal agricultural labour for cash are normal. As the Botswana's rural supplementary employment programme demonstrates, the supposed failure of women to seek public works jobs often stems from a well-founded belief they wouldn't be hired or their invisibility vanishes when the women and the hirers know that hiring a woman in a proportion of women is required (advised may not pierce the

But much is "social custom" (by women including educated women responsible for promoting women's employment!). Unskilled and semi-skilled construction work does not require formal training - learning is on the job, informal and brief. In Asia women are employed in this work (as they now are in Botswana). Yet the "not suitable"/"not trained" excuse is still raised and still accepted by women.

Labour intensive production goes beyond rural public works viewed primarily as open air relief with a small cost offset from work done. A substantial volume of construction (buildings as well as civil engineering) and maintenance (including preventative and routine urban street and building maintenance) can be carried out at least as cheaply in money terms with less heavy equipment, lower import content and less highly skilled technical personnel. The barriers are at organisational and semi-skilled (especially foremen) levels. They are soluble - as Asian experience demonstrates. The same holds true of some services, e.g. urban sanitation (rubbish collection).

There need be no trade-off between employment generation and efficiency (in cost terms) of investment. Reallocation - whether from existing spending or, admittedly easier, by targeted allocation of all additional spending to labour intensive avenues - would make very substantial contributions to low wage employment especially if paralleled by seasonal patterns in rural works (to provide slack season wage employment to poor farming households) and effectively ensuring at least a third of all jobs went to women.

Diversification of income sources is linked to reducing barriers to women's earning power and shifts to labour intensive production. These approaches would increase the average number of persons per household who could earn significant contributions toward household requirements. Other avenues include enabling and facilitating more artisanal production (rural as well as urban) and urban agriculture (for cash crops, e.g. horticulture as well as household self-provisioning). The barriers again are not usually cost as such but identifying opportunities and organising to respond to them. Centralised bodies - whether the World Bank, bilateral aid agencies or national macroeconomic ministries - by their nature do that very badly if they attempt to carry out the micro work rather than create strategies and frameworks for decentralised identification, design and implementation. Unfortunately a combination of limited decentralised capacity and a desire

to optimise creates a tendency to try to centralise - within frameworks suitable to large projects - which totally transforms attempted micro, local and household initiative oriented programmes into hi-tech, hi-bureaucrat, hi-centralisation parodies. One cannot realistically at the same time demand total decentralisation, total application of standard cost benefit analysis and northern auditing procedures and household initiatives. In practice, that is a recipe for doing nothing or doing very little and that little under a relief not a production rubric.

Rural production by absolutely poor households will for the next two decades at least centre on crops, agro-forestry and livestock. In the short term productivity and production enhancement can turn on better and more timely access to basic inputs, to markets and to knowledge of best locally known and used techniques. Given the debilitated state of much self-provisioning and small scale commercial agriculture (typically in the same households) that can raise output by the absolutely poor - say - 4 to 6% a year for at least ten years.

Beyond that, relevant research and effective (in knowledge to transmit, in listening as well as telling, in adaptation to contexts and in basic education approach) extension are essential to sustaining output growth potential of poor as well as not so poor farmers. To begin to pay off by 2000, this work needs to be stepped up within a coherent strategic frame now. Some basic research needs to be done in SSA (perhaps regionally), more can be imported. In either case adaptation, field testing and farmer testing (including for and by women farmers) is essential for potential gains to be realised, especially by poor households.

Further, agronomists and plant breeders need to be given social and political (plus economic viability) guide-lines. For example, one can breed seeds for drought resistance and production with limited soil inputs. Output for these seeds as opposed to pure output maximisation varieties will be lower on well watered land with high inputs and hi-tech management. But with limited water, input and technological capacity of farmers, it will be higher than for the more 'sophisticated' seeds or present varieties. And at some price ratios - e.g. those in Malawi - hi-yield/hi-cash input hybrid maize reduces farmers' net income compared to lower yield/low cash input selected seed from current harvests. The latter cases apply to most African self-provisioning and absolutely poor plus less poor

cash crop production, i.e. perhaps 75% of SSA crop output. Plant breeders left to their own devices usually go for maximum output for technical reasons - it is for politicians, social scientists and actual farm systems personnel (who do listen to peasants) to set guide-lines as to what characteristics are necessary.

But diversification of incomes is also needed. Labour intensive, seasonal construction and maintenance is needed to rehabilitate and improve infrastructure for production (e.g. erosion control, small scale irrigation), transport (e.g. roads, bridges, culverts) and basic services (e.g. schools, clinics, extension offices, staff housing). At the same time it can - relatively quickly - provide significant augmentation of the cash incomes of absolutely poor households.

Non-crop activities have varying potential and, indeed, changing ones since better transport both opens up new markets and erodes natural protection. What is possible and how is a question for local identification - to assume nothing is practicable and viable, is rarely accurate. Like rural works employment, enhanced artisanal production would have the side benefit of putting a higher floor under seasonal and year round agricultural labour wages which are important to many land short absolutely poor households.

In urban areas the key avenues to enabling poor households to produce more and to benefit therefrom are to expand formal sector wage employment (by macroeconomic success and shifts to labour intensive approaches) and to maintain (or rehabilitate) the effective minimum wage (including allowances) to at least two-thirds of household absolute poverty line consumption needs. The second line is probably economically justified even on narrow grounds - wages of perhaps one-third to one-half the household absolute poverty line are below "efficiency" level to employers. The workers are unable to work hard, full time and honestly - therefore the unit labour cost of output is raised, not lowered by near starvation wages. More broadly the low purchasing power of the workers households limited demand for both artisanal and industrial output.

It is sometimes argued that wage earners are under 5% (or in some cases 2%) of population so that wages are irrelevant to absolutely poor households. This is rarely - if ever - true. In the first place even on the stated data, the share of households with wages as a significant proportion of income would be 12% to 30%. In the second place urban proportions are

higher, e.g. on average one formal sector job per household and 80% of households with a formal sector job in Maputo in 1988. Further, most formal wage employment estimates are arrived at by methods (e.g. a voluntary mailed questionnaire to known employers to ten or more) which produce serious underestimates (probably well over 50% in Tanzania). Finally, the exports of the urban informal sector are largely to formal sector wage earners (and its imports formal sector manufactures and informal plus formal rural sector food) so that formal sector employment and wage levels do affect urban informal sector demand, output and wages. (Most urban informal sector members are wage earners or petty commodity producers whose incomes are basically labour incomes - strictly defined independent small employers are probably under 10% in most cases.)

Micro enterprises (including self-employed artisans and traders) should be able to produce more. How to enable them to do so is a vexed, complicated and contextual issue. Reducing negative regulations will help - since these are rarely seriously enforced often not as much as is hoped. Selective training at levels and in skills which surveys of such enterprises indicate are needed is a way forward (once the surveys are done - otherwise it has frequently proved a waste of resources for government and students). So are selective provision of desired services (e.g. bookkeeping) and improvement of market access (via, e.g. "fair price" shops and support for co-ops to buy inputs or market outputs). Credit is a vexed problem. Normal hi-tech institutional methods are unsuitable: the unit administration cost is too high for tiny loans; there is no effective social pressure to repay a large, outside, non-poor entity (whether governmental or private). Community (including artisanal community) savings and credit societies, tontines, etc., may provide a way forward both for mobilising and allocating less poor and absolutely poor household savings - as well as those of not so poor artisans - and for providing an intermediary to whom banks can afford to lend and which can use social pressure and community sanctions to recover loans.

An area often overlooked is urban and peri-urban agriculture. This is increasingly common for self-provisioning and cash income diversification. If land allocation is managed to favour low income and, especially, female headed households the poverty reduction potential appears (e.g. on Vila de Tete and Maputo 1988 evidence) to be substantial. The enabling needs - e.g. small scale irrigation, inputs including simple processing equipment,

support whether technical or credit for transport and marketing co-ops - vary but are determinable by surveys or from plotters groups.

A special set of enabling measures are needed in livelihood rehabilitation cases. These relate to households (urban and rural) whose livelihoods have been wiped out by economic collapse, natural disasters or war. They may well number 30 to 50 million (e.g. 6 million refugees, displaced persons and severely war affected persons in Mozambique, over 2 million in the exurbs of Khartoum - Omdurman - Khartoum North). Because they have lost their assets (e.g. access to cleared land, houses and household equipment, tools, working capital inputs whether seed for farmers or wood for carpenters, livestock) they cannot make a new start without funding beyond that needed by an absolutely poor household which already has a real - even if inadequate production base. Transport home, tools to clear and build as well as till, core livestock, artisans tools and initial materials, food until harvests - or artisanal sales - are among the requirements.

Unfortunately livelihood rehabilitation falls in a deep ditch between two established fields: survival relief and development promotion. Aid agencies and - to a slightly lesser extent - domestic disaster-calamities-emergency operations concentrate on the former while the latter is outside development strategy as defined in SAPs or national macroeconomic strategies. UNHCR and WFP have some experience in this field but in SSA perhaps 80% of the persons are not formally refugees and neither UNHCR nor WFP have the resources (logistical and personnel as well as financial) to do more than play supporting roles in nationally devised, international consortium funded strategies when - if - they emerge.

For Mozambique, Angola, Ethiopia/Eritrea, Sudan, Somalia, Liberia livelihood rehabilitation is not a peripheral area. Once peace is regained, it is central to any absolute poverty reduction strategy because the households requiring it comprise the majority of the absolutely poor. It is a bitter irony that they actually risk being less able to survive after peace because international disaster relief is likely to decline faster than rehabilitation support rises - a problem which already confronted Mozambique in 1990.

G.

Access To Services, Infrastructure And Markets

Absolutely poor households have in practice absolutely poor access to health and education as well as to nearby pure water. They are - even in urban poor areas - afflicted by inadequate to near non-existent access to infrastructure (especially transport and communications) and to extension services. These lacks of access combine with low selling and purchasing power - plus war and local level oligopoly/oligosony - to deny them effective and adequate market access; a weakness sometimes exacerbated by regulations designed to protect public sector (or on occasion - e.g. Tanzania co-ops over 1986-90 - private sector) commercial bodies intended to improve equitable market access but failing to do so.

These gaps are neither of purely welfare nor only of longer term economic significance. People who are malnourished, uneducated and in poor health cannot work very long, very hard or very productively. Producers who find they cannot sell or - if they can - cannot buy desired goods will not produce. Women tied down by watering and caring for the sick have neither time nor energy to produce for self-provisioning or for sale. These points may appear self-evident. Unfortunately they do not, in practice, form part of the built-in background to most rehabilitation, structural adjustment and development discourse.

In practice, debates on extension of access to primary education and primary health care now focus on timing, content and financing - not priority. Continuing adult education is in principle no more contentious but in practice receives priority resource allocation in only a few countries - e.g. Tanzania - and, except in them, is not very closely linked to a diversified pattern of response to local demand. The priority given to access to nearby, pure water varies sharply.

The funding debate surrounding basic services turns not so much on broadening community inputs, but over whether these should be centrally set locally collected user fees remitted to and spent by the centre or something else. The something else school tends to advocate community/service unit negotiated, community collected (not necessarily on a straight user charge basis) contributions in labour, food and materials as well as cash and on the use of these resources primarily or wholly at

community level in ways agreed by the community with the service unit. The "Iringa model" nutrition programmes in Tanzania and the village health worker and urban stand-pipe (fontenario) water scheme pilot projects in Mozambique are examples.

Standardised fees - except perhaps for urban water which many absolutely poor households do buy at high unit cost - demonstrably limit access of absolutely poor households. Exemption systems which are equitable and effective are remarkably hard to devise - at least for state institutions - and offset funds are highly complex and do not appear to function well. Further, the total impact of separately set fees on absolutely poor household budgets is rarely, if ever, considered in practice when fees are set.

In respect to extension there is no debate in principle as to universal access. There is a conflict between those seeking the highest short run returns by concentrating on not so poor farmers and those advocating initial priority to less poor and absolutely poor because they - unlike not so poor and not poor - have no access to new knowledge and demonstration except through the extension service. Outside agriculture, livestock and - less frequently - forestry and fishing, extension services are very limited. Even in the core area developing articulated advice to relate to particular needs - e.g. of female headed and of absolutely poor households - is the exception as is building-in flexibility to relate advice to particular geographic/ecological contexts.

Infrastructure rehabilitation is another area of agreement in principle but problems of organising ways and finance. The approach of labour intensive construction and maintenance has been discussed above. So long as large national food deficits, concentrated in urban areas, remain the use of the counterpart funds of additional monetised food aid may be one practical avenue for augmenting finance.

Commercial infrastructures (vehicles to transport, cash to purchase, goods to sell, shops and warehouses and - above all - businessmen) are vital to absolutely poor households. In much of rural SSA that lifeblood of the commercialised economy has been thinned or virtually drained away. Exploitation is a problem but low volume of trade and low numbers of traders worsen it. Therefore, encouraging (allowing) more commercial units

and more competition (possibly with fair price shops and buyers of last resort as back-ups) is the first step toward limiting exploitation.

If the would-be commercial operators lack capital - e.g. after long recession or war - they need medium term, moderate interest loans. While clearly benefiting not poor households, such loans may be essential to reviving cash income earning (and consumption level raising) opportunities of absolutely poor households.

More generally, the services/infrastructure aspects of absolute poverty reduction require ensuring that absolute poverty afflicted households do have access; not that others do not. In some cases - e.g. research and extension - the needs and capabilities of absolutely poor households differ enough to require differentiated services. This is not always the case, e.g. rural roads, primary education, primary health services.

H.

Safety Nets: What Can Be Done?

Safety nets are needed for those absolutely poor households who either temporarily (e.g. orphans, calamity victims) or permanently (e.g. aged, disabled), are, and will be, unable to raise their production to levels compatible with passing the household consumption absolute poverty line. The case for safety nets is normatively absolute and has an economic front in respect to those who can in the future be productive. The main debate is about affordability and practicability.

The basic safety nets in SSA today are land, livestock, family/communal and drought or war displaced person relief. Under increasing pressure in the 1980s the first three have begun to unravel while the third has ballooned. The unravelling whatever the long term evolution of security/safety nets in SSA - is undesirable now and for several decades. Successful SAPs which reduce the numbers in absolute poverty and raise those of less poor and not so poor will increase the strength of family and communal safety nets. Selective injections of supporting knowledge and resources - e.g. in the Iringa type nutrition programmes (which include community supported feeding for poor children and do in several districts reduce severe malnutrition very sharply) and two Zambian village pilot programmes for AIDS orphans - can produce evolved variants, at least in rural areas. Urban areas, in

many cases, especially in Eastern and Southern Africa pose more serious challenges because historic (traditional) systems have broken down rather than evolved. In some cases - e.g. many Lusaka compounds - no family or community unit larger than the narrow household survives.

For orphans - including non-HIV afflicted AIDS orphans - the most promising way forward is support (including material assistance incentives) for placing in new families (neither adoption nor, a fortiori, fostering describes the 'placement' very well). In Mozambique this has been highly successful whereas massive orphanage networks clearly could not have been.

For calamity victims the three crises points are: averting the need to leave homes (by prompt food or employment provision); organising facilities and flows of goods to camps for those who do need to leave home; livelihood restoration after the calamity. The weakness of the last has been cited earlier. The weakness of the first two appears to lie in the efficacy or otherwise of early warning systems broadly defined, e.g. in 1990 Tanzania flood relief was prompt, effective and scheduled to cover the period to the next harvest; Zambian and Zimbabwean information flows were disastrously slow so that, even if grain, vehicles, finance and a high level will to act were present (as all were in Zimbabwe), action did not happen until triggered by reports of actual calamity and was then hampered by logistical bottlenecks which an earlier, phased response could have averted.

Income supplements are normally perceived as non-feasible for absolutely poor households. In fact Namibia has a universal old age pension system (even if at a low level) which appears to be fiscally and operationally viable. Presumptively Mauritius and Botswana - and conceivably Zimbabwe - could follow that route within a decade. Most SSA economies however have neither the financial, the administrative nor the data capacity to do so.

Urban supplements depend on being able to identify administratively feasible categories (e.g. aged, disabled, female headed households or households with pregnant women and/or children suffering from specified malnutritional problems) which do encompass most absolutely poor households plus means to register and to pay. Most SSA countries probably do not have the neighbourhood local government or civil society groups to identify the households - some, e.g. Mozambique and Tanzania probably do. Paying (e.g. via a card to be stamped monthly at a paying bank) is practicable and if basic data are to hand so is administration. But, unless the state can

cover the costs itself, it seems - from Mozambican experience - that multiple external advice and attempts to improve such systems (not incidentally complicating data needs and administrative requirements) will prevent their reaching even capital city, full scale test status.

Targeted subsidies and/or "fair price" shops (no subsidy but controlled prices below "scarcity" levels prevailing in other sectors of the market) may be applicable for selected basic goods (e.g. staple grain, sugar, cooking oil, tea or coffee) in urban areas. In practice they require either a self-targeting good (e.g. an inferior as to preference staple such as yellow maize) or a rationing card system to ensure that all households do have access. In the second case - exemplified by Maputo and Beira - while all households receive the same real income boost, this is 25% at minimum wage level (or about a sixth of absolute poverty line total consumption needs) but 3% at the top of the public service salary scale. However, the case for an urban only subsidy/fair price shop system in an overall national absolute poverty reduction strategy needs to be that it is practicable to enhance employment/production opportunities in rural areas but less so in urban. This may in some contexts be valid, and be backed by actual rural production/employment enabling measures. Otherwise, urban only subsidy and income supplement schemes objectively constitute urban bias.

I.

Some Implication: Unit Costs, Decentralisation, Participation, Accountability

To reduce absolute poverty rapidly requires acting on a broad front, within other main line strategic objectives (not primarily in separate programmes), contextually and at a low cost per household served or enabled. The first three conditions relate to the logic of reducing absolute poverty and of coherent economic strategy and resource allocation - the last to resource constraints.

The LTPS sets out a broad - albeit incomplete set of public expenditure programmes and targets. These adjusted for rather austere levels of administration, emergency/survival and security expenditure come to about a third of GDP or \$190 per capita on average for SSA. As most of the programmes are ones required to enable growth, and have minimum levels per

household or area to be effective at all, they are - unfortunately from the resource mobilisation point of view - not readily reduced in cases of below average GDP. For countries with \$150-200 per capita GDP estimates (which probably reflect inaccurate pricing of domestic GDP after massive inflation, parallel marketing and devaluation with more realistic estimates in the \$200-250 range) the figures would imply, say, a 25% recurrent domestic revenue to GDP ratio plus up to \$100 per capita net soft inward external resource transfers. No large SSA state has ever achieved the latter - and only a few the former. This very real problem is exacerbated because the \$140 does not include debt service and while a roll-over of principal is a plausible assumption interest will not be insignificant.

Of the \$140 about half will necessarily go on very general heads (law and order, i.e. security and administration, housekeeping, large infrastructural projects) which can create a macroeconomic context for reducing absolute poverty but cannot by themselves do so. If, of the remaining \$70 per capita one assumes - optimistically - the same proportion is absolute poverty reduction oriented as absolutely poor households form of all households and then \$20 per capita on basic services, \$5 per capita on research and extension, \$15 per capita on public works and other infrastructure (including commercial sector), \$5 per capita on emergency survival and income supplements and \$25 per capita on enabling additional production per absolutely poor person are more or less maxima. In fact \$140 is not attainable in many countries in the short run - under half that in some cases so that \$25-50 per capita (\$150-300) per household addressed to poverty reduction is the maximum realistic range in most poor countries if high priority is given domestically and if external sources of finance are responsive. The case for broad access is, therefore, necessarily a case for low cost per household served/enable programmes, not high per household cost projects (including traditional agricultural development projects, especially most large scale irrigation ventures). The latter may or may not enable some households to escape from absolute poverty (given actual clientele selection success rates rather few in practice), but cannot be generalised to broad access because of resource constraints.

But broad front, low unit cost programmes articulate into contextually differentiated sub-programmes and micro projects are not readily compatible with existing planning and design practices especially if they are to be within a coordinated national strategic framework. The instant answer of

decentralisation to regional/provincial and district levels is partial. It may deal with contextuality (albeit as a necessary not a sufficient condition). It cannot by itself result in a national strategic framework or inter-regional allocations. Nor given the extreme shortages of high and middle level personnel (nationally and therefore - necessarily - a fortiori at district level) can it provide effective overall design and technical back-up services.

Further, absolute poverty reduction programming is even more dependent on detailed substantive content of activities than most economic 'sectoral' work. A macroeconomic body which seeks to do more than set a frame for and coordinate specialised operational body (ministries, regional and district analogues, local government and domestic civil society organisations) will be unlikely to be effective even if it is fully decentralised. The actual present framework is one of anarchy not over-centralisation, especially where external governmental and NGO operation of autonomous projects and pseudo governmental units has emerged as a major decapacitating force against local, regional and national government. For example, one district in northern Mozambique had over 60 rural projects responsible to half as many agencies (over half foreign) with non-coordinated and often partly inconsistent objectives none of which corresponded very closely to what poor peasant households stated to be their priorities.

These considerations suggest that a possible institutional structure would include:

A. Central

Strategic Decision Taking (Cabinet and National Assembly advised by a committee of senior officials)

Strategic Formulation/Broad Articulation (Planning Unit in conjunction with inter-ministerial plus regional working parties)

Resource Mobilisation/Allocation By Province/Region and - as guidelines - By Programme (Finance - Planning - Working Parties)

Selected Programme Support Functions (Relevant Ministries)

Monitoring-Evaluation-Modification (Planning - Ministries - Working Parties to Cabinet/Assembly)

B. Provincial/Regional

Analogues to Central

Technical Personnel and Programme Support (Regional analogues to or units of operating ministries plus large urban authorities if these are strong)

Selected Programmes which are inter-district by nature or well beyond district technical capacity.

C. District

Analogues to provincial level

Micro Programme Operation

Micro Data Collection - inputs to programmes and to monitoring/evaluation (probably partly by national/provincial personnel with substantial portions of analysis and design at broader levels).

That structure turns on bottom up information inputs, more centralised design and monitoring and middle to bottom level detailed articulation and implementation as an iterative process. Coordination of activities of main line units (whether central-provincial-urban-district governmental, domestic NGO/civil society or external) is central; special parallel government structures - especially if externally run - are incompatible with it.

This model is open to three criticisms flowing largely from Integrated Rural Development Programmes in the 1970s/1980s:

- a. complexity makes coordination impossible and coordination weakens existing units;
- b. IRDPs failed because they were multi-sectoral and fragmented overall public sector activity;
- c. and because they were inflexible and non-participatory paying little attention to the needs and capabilities of those they were intended to serve as perceived by those people.

The first criticism appears to confuse parallel government with coordination. The whole logic of enabling poor people to produce more and of providing basic services/infrastructure as part of that enabling exercise requires broad coordination not monolithic single authority operation nor anarchic autonomy. IRDP failures did relate to the parallel government problem - in part. Their other problems related to design in respect to production (not so much to services/infrastructure which frequently were well done): a.) lack of any serious production enhancing core disguised by pages of sensitivity analysis about totally meaningless hypothetical numbers, e.g. Tanzania's Mwanza Region programme; b.) technically plausible agricultural content not tested for economic viability in actual/projected cost-revenue context, e.g. Tanzania's Kigoma Region and Malawi's South-central Region programmes; c.) basically external agency design and operation of programmes and parallel governmental structures (even if nominally responsible to host central and/or district governments).

These characteristics did indeed reduce participation, flexibility and capacity for national policy setting. To avoid them would seem to require:

- a. strengthening existing structures, not creating new parallel ones;
- b. minimizing external agency and/or expatriate run units and channelling resources including personnel into main line national bodies (including domestic NGOs);
- c. decentralising to make contextuality practicable;
- d. broadening participation - especially in data provision, programme, design and evaluation/modification;
- e. building in domestic accountability to the intended beneficiaries.

Participation in data provision means more than experts (still less 'experts') surveying absolutely poor households. One does not describe cattle as participating in livestock surveys and many surveys of poor households are disquietingly similar in approach to livestock surveys. It also means listening and learning. Absolutely poor households do have limited knowledge and horizons, but they also know a good deal more about what they do, why, under what constraints, with what priorities for enabling services and with what capabilities of benefiting from them than

most researchers, analysts, government officials, technocrats or social scientists. That is the bottom line case for their participation in data collection, programme design and evaluation/modification. Not acting on that principle increases mistakes and for both psychological and programme content misspecification reasons reduces participation in implementation. To be blunt and macro economic - it reduces resource mobilisation and misallocates the resources that are mobilised.

How is a contextual question. If the programmes are to serve absolutely poor households (or to be general access with specific priority to ensuring absolutely poor households can and do participate) standard local leadership groups may not be adequate fora. At least some direct contact with absolutely poor households is needed, irrespective of how seriously and sincerely not so poor leaders seek to represent them.

Participation's effectiveness ultimately depends on accountability (unless one believes in the possibility of a public service, and of a body of businessmen/entrepreneurs, made up of able, participatory, totally non self interested Platonic Guardians). One requirement for accountability is accounts and audits - in the broad sense of real as well as monetary resource allocations, intermediate outputs and end results (as perceived by intended beneficiaries). Without accounts specific accountability - beyond "throw the rascals out" - and especially improved results from resource allocation and programme design modification is virtually impossible.

The standard representative political process - even when decentralised - does not in general cope well with programme and resource allocation modification. When largely at central government level, it also suffers from overgeneralisation which masks concrete contextual problems. The classic African example is Tanzania. The government believes itself accountable primarily to rural agricultural households perhaps 40% of whom are absolutely poor. As an average 30% of MP's and Party officials are replaced at five yearly competitive elections, it has some reason to believe so. It does respond to demands and criticisms by changing resource allocations and programmes (often massively) and practices heavy net channelling of urban and external mobilised resources to rural areas and support programmes plus pricing and credit policies far more favourable to rural agriculture households and agriculture related sectors than to workers or urban producers. But there are no effective fora for dialogue

on projects and programmes (especially sectoral and regional ones). As a result accountability and participation via the political process are associated with remarkable inefficiency in use of resources and in results achieved either at intended beneficiary or macro economic level.

What type of accountability mechanisms are needed to complement representative political structures is not clear and probably not general. Organisations of absolutely poor people - or their participation in broader ones - at vocational (e.g. the shoe shine men in Maputo), interest group (e.g. women's) and locational levels to propose, discuss and evaluate concretely can be useful. So, perhaps, can advisory committees so long as they are chosen by the intended beneficiaries or their elected political representatives at the appropriate (i.e. local, regional not just national) level and have access to these representatives when/if their advice is regularly disregarded.

Accountability and coordination both require quantifying and dating inputs and intermediate outputs plus at least order of magnitude targeting of final outputs plus accounting/auditing mechanisms to keep track of the flows and cumulative results. Even on universal access programmes such exercises are possible and relatively easy conceptually and given present data processing methods actually if initial entries are appropriately cross-coded. Quantifying and dating - apart from more evident operational pay-offs - should help prioritise and sequence. At present there are tendencies to look at programmes in isolation and either to seek universal coverage within five years or to start at such small levels that by year 6 coverage would still be below 10% (which may make sense as pilot testing but not once main line programmes are begun). The former approach is unrealistic given instrumental, institutional, personnel and finance/forex constraints; the latter either represents low prioritisation, technological/technical caution run rampant or a failure to recognise political reality.

Absolute poverty reduction targets are no less logical than GDP growth or budgetary balance ones (and no less problematic and subject to misuse). What is practicable will vary widely. In the 40% to 60% absolutely poor households cases a 6% a year trend reduction until 25% is reached and 5% a year thereafter might be a starting guide-line and for others 5% a year.

However, given lags this might be a target to be reached in year 3 after serious implementation begins.

J.

Structural Adjustment/Absolute Poverty Reduction Revisited

To the question "Is Absolute Poverty Reduction relevant to Structural Adjustment?", and visa versa, the answer is fairly clearly "Yes?". This is not because absolute poverty is primarily the result of structural adjustment (nor visa versa).

Rather it is that for economic and political as well as social and human reasons absolute poverty is a major obstacle to development and as such needs to be confronted by serious overall development frameworks which is, after all, what Structural Adjustment With Sustainable Growth seeks to be. If the interaction is defined in that way absolute poverty reduction would appear most effectively incorporated in SAPs as a specific central priority and as a test for major macro and sectoral policies and programmes together with budgetary balance, external account sustainability, and growth rates. Add on parallel programming, e.g. Ghana's PAMSCAD; incorporation of funding for specific sub-sectors under Social Priority Action Programmes plus implicit smuggling in of more general elements in a non-coordinated way, e.g. Tanzania and even explicit prioritisation and efforts at specific integration without adequate articulation (and with donor response primarily a desire to redesign in a variety of mutually contradictory directions), e.g. Mozambique to date are unlikely to be very effective or cost efficient.

Similarly there is no reason SAPs as now perceived by several SSA countries and by the World Bank should be obstacles to objectively attainable and sustainable absolute poverty reduction strategies and programmes. This is especially true given the longer time perspective and higher initial resource transfer framework within which SAPs are now formulated. However, there is no guarantee that without specific attention being paid to absolute poverty a SAP will be efficient at reducing it or reducing it rapidly. Sustained growth and structural rebalancing can be consistent with unchanged or more inegalitarian income and access to services distribution. Indeed, since SAPs seek to coordinate and allocate across the board at macro and sectoral levels, any serious political economic

priority needs to be incorporated in their design if it is to be pursued effectively without being damaging to (and damaged by) the SAP.

The strength of SAPs tends to be at macro economic and broad sectoral levels just as the strengths of development design and evaluation (and institutions) tend to be focussed on the large, general and replicable. These strengths are real, but if contextual issues and specific flexibilities are to be handled need to be complemented by decentralisation and participation in concrete data collection - operational design - implementation - ongoing monitoring/evaluation/modification. That is a general point but one particularly relevant to absolute poverty reduction because while strategically the needs and capacities of absolutely poor households can be spelled out at national and sectoral (or at cross-country regional and global) levels, in the sense of detailed design, implementation and monitoring they are very contextual. Micro successes do suggest that providing concrete action programmes and institutional space to operate them is not impossible; to date relating them to a central enabling environment and capacitating frameworks of resource mobilisation and allocation is very much the exception (and the transitory exception at that) not the rule.

It is in this set of issues of iterative relationships between macro and micro, overall strategic frameworks and decentralised implementation, coherence and flexibility that the largest amount of work and the most difficult questions arise. Debate on whether SAPs are compatible with absolute poverty reduction are ultimately sterile - the basic issue is how an absolute poverty reduction priority can be turned into strategy, programmes, policies and proxies and how structural adjustment with sustainable growth as a macro and sectoral coordination, prioritisation and allocation framework can most usefully interact with and capacitate that process.

CHAPTER III.

POVERTY IN MOZAMBIQUE - A THEMATIC OVERVIEW

Poverty is central to the society and economy of Mozambique. Most Mozambicans are poor and Mozambique is one of the world's poorest countries.

This is not a new situation. Pre-colonial Mozambique was marked by not insignificant structural poverty related to limited knowledge and therefore achieved levels of productive forces. However, the most severe mass poverty was episodic or conjunctural consequent on natural calamities (particularly droughts) and on wars. Colonial Mozambique was afflicted with increasing poverty because of the dynamics of colonial rule and exploitation including varied forms of de jure and de facto forced labour. War remained a major cause of poverty for about three centuries of the slow Portuguese conquest in the face of prolonged resistance. Only from the 1930s did measures to reduce famine somewhat offset the rise in conjunctural poverty. The liberation war followed by the exodus of Portuguese skilled personnel temporarily increased poverty levels as did South African reduction in employment of Mozambicans.

However, over 1977-80 systematic priority efforts to extend basic services and to rehabilitate the economy offered hope for a process of poverty reduction. This was, however, limited by over-emphasis on capital intensive construction and on large scale enterprise production and by underemphasis on enabling the rural sector familial and its urban artisanal analogue to produce more.

Over 1981-86 the war of terrorism and sabotage waged against Mozambique and its people pauperised half of all Mozambicans. While 1986-90 economic measures in the context of the Priority Economic - now Priority Economic and Social - Reconstruction programme combined with progress in containing and reducing insecurity have halted the rise of absolute poverty, they have not yet been adequate to begin a broad front poverty reduction process.

Poverty is a central social, political and economic challenge to Mozambique. Because its base is low productivity per household and per employee, poverty is the mirror image of low national output. Because it denies most households access to humanly acceptable levels of consumption,

access to basic services and ability to participate in civil society poverty weakens and distorts society. Politically, continued mass poverty is a denial of the basic goals of the government of the Republic of Mozambique.

Adam Smith's warning that no nation can be great and prosperous the majority of whose people are poor and miserable applies very forcefully in Mozambique. At the same time it points to a way forward. The majority of poor Mozambican households are not producing much because they lack access to tools, to wage employment, to land, to basic health-education-water-extension services, to infrastructure and to markets. Enabling them to produce more - and acting to provide services and infrastructure as well as security as part of that enabling strategy - is central to any government development strategy that is to be economically or politically sustainable beyond a relatively brief time frame.

Absolute Poverty

To say that almost all Mozambicans are poor is true but also trite. In a country with a per capita output of US\$ 150 or less and the highest common citizen annual salary (earned by 150 odd persons) US\$ 2,150 (and only 24,250 estimated to earn over US\$ 1,000 a year or more from salaried employment) the ubiquity of poverty is inevitable. But to identify 95% to 97% of Mozambicans as poor is to make it impossible to focus on priority steps to safeguard the human condition and augment the earning/producing power of the very or absolutely poor.

It is necessary to attempt to separate poverty from absolute poverty (or extreme poverty) and to identify structural and conjunctural causes of poverty to achieve an intelligible, articulated picture and a basis for identifying possible policy approaches to absolute poverty reduction. To do so in Mozambique is difficult for three reasons:

1. the war has made rural data collection incomplete and rural social conditions unstable as well as worse;
2. urban and institutional data surveys, collection and - especially analysis - have been fragmentary, discontinuous and sometimes inconsistent;

3. studies have been carried out on various aspects of the social condition and of poverty in isolation from each other not merely without prior co-ordination but largely without subsequent joint consideration or consolidation.

While progress has begun on the last two points it has not yielded major results and in certain cases (e.g. a unified household study on a continuing basis) cannot before 1992 or even later in cases requiring analysed national census data.

The most systematic data available relate largely to nutrition, coming from the Ministries of Health and of Commerce. Substantial health and education data also exist as do some - rather conjectural - agricultural production estimates. While the 1988 Maputo and Tete Household studies do cover total expenditure and income they are not full household budget studies.

Absolute poverty in urban Mozambique can be best identified given available data by the cutoff point of monthly household income per person below which growth faltering in children is very common and/or the cost of a basic monthly food ration (supplying 60% to 70% of caloric requirements) is 50% of income per person.

More generally it can be defined in terms of absolute caloric deficiencies and of parallel lack of ability to afford very basic personal and household consumer goods - including water, health and education. This test is probably tighter than that applied in other SSA countries, the Philippines or India so that the 60% estimate for Mozambique is not fully comparable and would be higher if it were.

The main absolutely poor groups are:

- a. urban households with cash incomes per family member of below MT 6,000 per month (US\$ 6 odd) combined with lack of access to a productive machamba (small farm plot);
- b. peri-urban residents with limited access (usually for security reasons) to farming land, substantial food purchase requirements and very limited potential for cash income earning;

- c. displaced and severely affected persons and refugees who are victims of the war and the consequential destruction of normal rural life in many districts;
- d. other rural households with limited access to seeds, tools, markets or goods to buy.

From the population data in Table I, absolute poverty estimates have been prepared at Table II. The urban percentage as surveyed was about 50% but the late 1988 minimum wage increase may have reduced it to or near 30% (its probable 1985-1987 level). The peri-urban is probably 40 to 60% and higher than before 1986 because food and other price increases have virtually certainly not been paralleled by cash income rises. There is very little reason to suppose the situation improved greatly since mid-1989.

Refugees and internally displaced people are virtually all absolutely poor in two senses - absence of significant income earning potential and of assets and very low consumption of all basic goods other than food and basic health and education. Their position in respect to the latter varies, but is extremely vulnerable to fluctuations in external aid levels and timing and to transport capacity and vulnerability. The same is true of 90% of severely affected persons (recently resettled dislocated persons).

There are in fact no estimates for stable rural households. "Other rural" is a residual including stable households - which may or may not be self-provisioning since Southern Mozambican rural areas used to depend on food as well as other purchases financed by migrant earnings and in 1989-90 climatic as well as security conditions have been adverse. However, they also include substantial members of isolated households and these enslaved by bandits. When security is restored and/or flight to secure zones is possible these groups show severe malnutrition of up to 70% and mortality in the first few months after flight of up to 15% (e.g. Zambezia in 1988, Manica in early 1989).

The urban absolute poverty range of 30 to 50% and the urban/peri-urban of 33 to 57% seem to be reasonably likely to be correct. The rural of 68% (excluding, or 65 to 67% including, peri-urban) is probably an underestimate as is the Mozambican total of 59 to 64% (excluding, or 62 to 67% including, refugees). 1989 rural nutritional survey data from 25 Rural

TABLE I.

POPULATION ARTICULATION: 1989

PROVINCE	URBAN			RURAL					TOTAL POPULATION
	URBAN	SUB-URBAN	TOTAL	DISLOCATED	AFFECTED	COMMERCE	OTHER	TOTAL	
	(a)					CUSTOMERS			
	(a)			(b)	(c)	(d)	(e)		
MAPUTO URBAN	1,050,000	-	1,050,000	-	-	-	-	-	1,050,000
MAPUTO PROVINCE	150,000	46,000	196,000	173,300	224,900	198,000	7,800	604,000	800,000
GAZA	50,000	41,500	91,500	38,500	657,800	87,500	324,700	1,108,500	1,200,000
INHAMBANE	120,000	77,500	197,500	187,900	425,000	152,000	347,600	1,112,500	1,310,000
SOFALA	212,000	43,300	255,300	125,000	195,000	142,538	524,162	986,700	1,242,000
MANICA	37,000	16,000	53,000	93,100	147,500	38,000	432,400	711,000	764,000
TETE	25,000	24,325	49,325 ^f	97,000	125,000	138,234	600,441	960,675	1,010,000
ZAMBEZIA	125,000	102,835	227,835	538,500	364,900	191,227	1,755,538	2,850,165	3,076,000
NAMPULA	287,515	42,500	330,015	200,500	535,900	209,185	1,667,400	2,612,985	2,943,000
CABO DELGADO	40,000	40,000	80,000	36,400	79,400	30,000	908,200	1,054,000	1,134,000
NIASSA	45,000	24,000	69,000	199,300	119,300	6,000	241,400	566,000	635,000
TOTAL	2,141,515	457,960	2,599,475 (3,597,159) ^g	1,689,500	2,874,700	1,192,684	6,809,641	12,566,525 (1,373,841) ^h	15,166,000

REFUGEES FROM MOZAMBIQUE - 1,200,000

a. INCLUDES CONCRETE AND CANICO AREAS BUT NOT NECESSARILY PERI-URBAN

b. ASSUMED TO BE 30% SELF-SUFFICIENT IN FOOD PRODUCTION

c. ASSUMED TO BE 40% SELF-SUFFICIENT IN FOOD PRODUCTION

d. ASSUMED TO BE 60% SELF-SUFFICIENT IN FOOD. LARGELY PERI-URBAN AREAS

e. RESIDUAL. INCLUDES STABLE RURAL HOUSEHOLDS BUT ALSO THOSE WHOSE STATUS IS UNKNOWN

f. TETE URBAN AREA SURVEY INCLUDES PERI-URBAN AS WELL AS URBAN AND SUB URBAN SO COVERS ON THE ORDER OF 100,000

g. 3,597,159 INCLUDES LARGELY PERI-URBAN RURAL FOOD CUSTOMERS OF MINISTRY OF COMMERCE COMMERCIAL NETWORK

h. 11,373,841 EXCLUDES LARGELY PERI-URBAN CATEGORY

SOURCE: ADAPTED FROM TABLE OF 30.1.89 PREPARED BY FOOD SECURITY DEPARTMENT MINISTRY OF COMMERCE

TABLE II.

ABSOLUTE POVERTY IN MOZAMBIQUE

<u>CATEGORY</u>	<u>% ABSOLUTE POVERTY</u>	<u>NUMBER ABSOLUTELY POOR</u>	<u>POPULATION</u>
URBAN	25-45% ¹	(535,000 (964,000)	2,141,575
SUB-URBAN	40-60% ¹	(183,000 (275,000)	457,960
URBAN SUB-TOTAL	30-50% ¹	(720,000 (1,339,000)	2,599,000
PERI-URBAN	40-60% ²	(477,000 (715,000)	1,191,684
URBAN/PERI-URBAN	33-57%	(1,298,000 (2,051,000)	3,597,000
DISPLACED	100% ³	1,690,000	1,690,000
SEVERELY AFFECTED	90% ⁴	2,587,000	2,874,700
OTHER RURAL	59% ⁵	3,405,000	6,809,239
RURAL EXCL. PERI-URBAN	68%	7,682,000	11,374,000
RURAL TOTAL	65-67%	(8,159,000 (8,397,000)	12,567,000
MOZAMBIQUE TOTAL	59-64%	(8,879,000	15,166,000
REFUGEES	100% ³	1,200,000	1,200,000
MOZAMBICANS TOTAL	62-67%	(10,089,000 (10,936,000)	16,366,000

NOTES:

- ¹ 30 to 50% range estimated from Maputo and Tete Household surveys. 30% is possible early 1989 improvement following increase in minimum wage of about one-third promulgated as of November 1988. 50% is mid-1988 position as surveyed. Sub-urban areas treated as somewhat poorer than urban proper.
- ² Rural residents purchasing food from Ministry of Commerce system. Partly standard peri-urban and partly ex-full scale farmers huddled in security zones. Low hectareage for cultivation and limited other sources of income.
- ³ Not all displaced persons and refugees have high rates of malnutrition or lack of access to health and education. But many do and in terms of other consumption and of income or the possibility of earning it virtually all are absolutely poor.
- ⁴ These are households which in general have lost almost all assets and have low levels of or opportunity for earned income like displaced persons some have fairly good nutrition levels from food aid and access to basic health and education.
- ⁵ Conservative estimate based on other low income African countries. Probably higher as in fact includes isolated and bandit enslaved households who are virtually all absolutely poor.

Districts of above average accessibility, and within them of samples near airports (both factors likely to reduce absolute poverty), suggested 60% to 65% absolute poverty.

Structural and Conjunctural Poverty

While absolute poverty map sketching as carried out above does identify categories of households likely to be in absolute poverty and also - to a degree - "target groups" for certain policies and programmes it does not lead to differentiated causal explanations or sub-group identification.

Two broad categories of poverty (and of absolute poverty) exist - structural and conjunctural. Structural causes are relatively permanent and conjunctural (unless the negative exogenous event puts them in a structural poverty category, e.g. blind, crippled) are more likely to be transitory and readily reversible.

Structural poverty in Mozambique includes many persons who are:

- a. crippled and blind;
- b. orphans;
- c. aged without support of relatives;
- d. in households with low labour power relative to household size (e.g. female headed, larger than normal numbers of children);
- e. with poor access to employment (location, absence of skills) or land (location).

Conjunctural poverty includes:

- a. deslocados, afectados and refugees (victims of war);
- b. many urban employed (at least as of mid-1988 victims of relative price and charges/wages changes);
- c. drought distressed households;
- d. unemployed who lost their job as a result of world economic context or domestic economic policy changes.

In Mozambique perhaps half of urban and two-thirds of stable rural household absolute poverty is structural. For the other half of urban, most peri-urban, half of stable rural and the three war-affected groups the basic causes are conjunctural. More precise delineation is not practicable in the present state of data collection and, especially, analysis.

In any case, the conjunctural/structural division tends to break down when the conjuncture continues for several years. This is particularly relevant to rural poverty in Mozambique in which lack of security (law and order), seeds, tools, interim food supplies, livestock and building materials endangers escape from initially conjunctural poverty by preventing rehabilitation of household productive capacity. Similarly, deterioration of basic services in health, water and education while initially conjunctural can readily become structural with under-funded, under-equipped, under-maintained and under-supplied systems providing decreasing quality (if not necessarily quantity) of service with severe capacity to work, human capital and social well-being implications.

Vulnerable Groups

Vulnerability means being at severe risk of further falls. For present purposes the relevant vulnerability is descent to the margin of, or into, absolute poverty. Virtually all absolutely poor people must be considered vulnerable. Their vulnerability is to abject pauperisation and higher mortality rates (i.e. death). Their margins of living above survival are at best slim - indeed many are not well nourished or healthy enough to work long, hard or productively. Any negative external event endangers their ever being able to escape from absolute poverty and increases their morbidity and mortality rates.

However, vulnerable households also include those whose initial position was above the absolute poverty line. Many former Mozambican mine workers in South Africa are absolutely poor; those still with jobs (expected to fall by at least 50% over 1988-93) are vulnerable. In 1987, 20,000 odd central and provincial government employees were vulnerable. In 1988 they largely became absolutely poor when government employment contracted by 21,114 (dominantly at provincial - 16,577 - and district - 3,433 - levels) since most appear to have been low skill workers with little chance of securing jobs in an at best slowly growing enterprise employment total, of carrying

out productive or adequately remunerated self-employment or of returning to the land in the prevailing security situation.

Vulnerability at household level can be summarised under seven causal characteristics:

1. a high dependency ratio (few working hands to feed many hungry mouths);
2. female headed (with lesser employment opportunities and a conflict between income earning and other necessary activities);
3. lack of any household member in wage employment;
4. lack of access to adequate, secure, suitable land (whether for sector familial farming or income augmenting zonas verdes production);
5. recent - usually forced - migration to urban areas, limited opportunity rural areas or deslocado camps;
6. location in an area currently or recently severely affected by natural calamities and/or insecurity emergencies (usually associated with destruction of services and infrastructure and weakening or collapse of market access);
7. lack of links to social networks with ability to support (most severe for isolated orphans, aged and crippled persons).

Not every household in any one category is absolutely poor and a few in each are not poor. For example, a substantial number of the households who have relocated in the Beira Corridor have achieved at least modest agricultural production levels and do have access to basic services and to markets. However, almost all poor households (and individuals) fall into these categories and almost all households suffering from two or more of them (e.g. female headed, no salario employment, no Zonas Verdes plot) are affected by absolute poverty.

PRE and Vulnerability

The major PRE impact on vulnerability is via price changes resulting from withdrawal or reduction of subsidies (basic foods, water, electricity, rents), introduction or raising of charges (especially education and health) and devaluation not offset by increases in earnings.

As the rate of inflation measured by the consumer price index rose from 30% a year over 1983-1985 to 39% in 1986 and 166% in 1987 before falling back to 50% in 1988 with 1989-90 estimates of 30% the potential for real income reduction is obvious.

In 1987 minimum wages rose twice for a year to year average of 52% versus 1986 (after being static for many years). 1987 cumulative inflation was about 230%. In 1988 the average wage increase was 113% over 1987. This was apparently in excess of the CPI growth but not necessarily so at the minimum wage level because the basic staple food prices were more than doubled on 1 April 1988 to about MT 2,000 per person per month or in excess of the then minimum wage for any household of six or more persons (the average is nearly eight). Whether late 1988 minimum wage increases to the 15,000 - 17,000 range (12,000 for agricultural and livestock workers) have restored effective purchasing power at this level is unclear in the absence of detailed studies. Since then wage changes have broadly paralleled changes in abastacimento prices and sought to sustain real consuming power at least for the salario minimale level households.

The impact of PRE on informal sector incomes cannot at present be determined because their volume, contribution to absolute poverty or vulnerable household incomes and prices is largely unknown. Certain points appear to be true:

- a. machamba production for household provisioning is basically unaffected by PRE (price and income effects cross-cancel);
- b. machamba and artisanal fishing incomes have probably fallen in real terms. Prices have risen relatively slowly (indeed fell initially in the case of fish) and it is doubtful that this can have been offset fully by volume increases. However, rapid switches from household self-provisioning to market crops (as grain became more readily available and demand for amenity foodstuffs recovered) may have reversed this trend in 1989/90 for those women and co-op farmers able to make the shift;
- c. casual and part time employment incomes have probably risen less rapidly than prices (e.g. in the case of domestic service employment, washing, shopping);

- d. self-employed artisanal incomes have had mixed fortunes - some (e.g. carpentry) have risen in real terms with greater availability of materials but others (e.g. tailoring) may well have fallen with greater availability of competing manufactures;
- e. greater freedom to earn second incomes after formal work hours has augmented real incomes for some skilled workers and professionals but few of these are likely to have been in or on the border of absolute poverty.

The income estimation problem is even more severe for the peri-urban (rural dependent on urban commercial food distribution system) households. That proportion - perhaps a third or more in the three southern provinces - with current or recent past incomes from South African employment are not absolutely poor and - depending on levels of saving and small business (e.g. lorry) investment - may not be vulnerable. But former farming families driven to the peri-urban areas by security concerns with less than full self-provisioning and very low cash produce sales or opportunities for wage employment/casual employment are absolutely poor and very vulnerable to price increases because of lack of parallel income shifts.

The price change impact has been increased by deteriorating access to basic services either because facilities have decayed or not expanded with population (e.g. poor water) or because higher charges (e.g. health, education) have limited use or been increasingly burdensome on low income budgets. This impact interacts with sharp real reductions in real government allocations to these sectors' recurrent costs (how large is unclear because no usable cost deflators exist) only partly offset by increases in foreign assistance contributions.

Population: How Many? Where?

Poverty mapping and vulnerable group delineation are gravely hampered by the lack of even approximate data on how many Mozambicans there are, how many are in Mozambique (as opposed to being refugees from terrorism) and where in Mozambique. These data are among the war casualties.

Projections from the 1980 Census are by no means adequate guides to present reality for several reasons:

- a. many Mozambicans (probably of the order of 1,500,000) have been forced into refuge from violence in neighbouring states;
- b. many others - together with "a" they constitute a majority of all Mozambicans - have moved to urban or more secure areas or to deslocado camps;
- c. direct war deaths, famine and increased under 5 mortality resulting from the war have reduced the rate of growth of the population below what it would have been had peace prevailed and probably below the projected 2.6% annual 1980-90 growth rate.

An effort to quantify these shifts has been made by UNICEF (Table III). It suggests that as of 1990 urban population may have been 1,130,000 higher than it would have been with peace; total numbers of Mozambicans 200,000 lower and numbers in Mozambique 1,500,000 lower (1,300,000 refugees plus 200,000 war dead). These data imply a 50% larger urban and a 20% smaller rural population than straight projections from 1980. At provincial level the divergences are even greater. District divergencies, were they available, would be the greatest.

Even these amendments may understate. It is quite possible that war and war related deaths have reduced the 1980-90 growth rate to 2% a year or less (1,100,000 less living Mozambicans) and that refugees total 1,500,000 for an actual total population in Mozambique of 13,150,000 of whom 3,000,000 urban, 1,500,000 peri-urban 1,500,000 deslocados, 7,150,000 afectados and other rural. Any such estimate is hypothetical for two reasons: hard data do not exist and probably will not until a National Census can be carried out and analysed; population movements both within Mozambique and among Mozambique and its neighbours remain at high levels, e.g. in early 1988 Angonia District may well have been virtually depopulated but 1988-90 returnees may well be in the 75,000 - 100,000 range. The problems imposed on strategy articulation and service provision should be evident.

PRE and Poverty Reduction, Social Conditions Gains

One element in PRE policy and practice should be to counteract the absolute poverty increasing impact risk of certain of its instruments. In respect to household incomes in urban/suburban areas the main identifiable

TABLE III.

RESIDENT POPULATION ('000)

Province	1980	1988		1990		1995		Area (km ²)
		N	E	N	E	N	E	
MAPUTO - CITY	755.3	929.8	1,047.4	979.4	1,143.8	1,425.4	1,425.4	602
MAPUTO - PROV.	491.8	605.4	420.7	637.9	441.6	873.7	498.4	25,757
GAZA	990.9	1,219.8	1,043.0	1,284.6	1,094.8	1,409.7	1,235.6	75,709
INHAMBANE	997.6	1,228.1	1,095.7	1,293.7	1,150.1	1,447.1	1,298.1	68,615
SOFALA	1,065.2	1,311.3	1,259.1	1,381.6	1,321.6	1,543.3	1,491.6	68,018
MANICA	641.2	789.3	723.6	831.2	759.5	923.7	857.3	61,661
TETE	831.0	1,023.0	867.1	1,076.9	910.1	1,213.9	1,027.2	100,724
ZAMBEZIA	2,500.2	3,077.8	2,594.6	3,241.8	2,723.3	3,619.5	3,073.7	105,008
NAMPULA	2,402.7	2,957.8	2,869.1	3,117.4	3,011.4	3,493.4	3,398.8	81,606
CABO DELGADO	940.0	1,157.2	1,122.8	1,219.8	1,178.5	1,372.9	1,330.1	82,625
NIASSA	514.1	632.9	479.3	666.6	503.1	751.4	567.8	129,056
COUNTRY TOTAL	12,130.0	14,932.4	13,522.4	15,730.0	14,237.8	18,074.0	16,204.0	799,380
URBAN AREAS	1,600.0	2,009.0	2,981.2	2,126.8	3,255.5	4,057.0	4,057.0	
RURAL AREAS	10,530.0	12,923.4	10,541.2	13,604.1	10,982.3	13,817.0	12,147.0	

Note: N - Normal
 E - Estimates discounting refugee and displace movements
 and estimated war-related deaths (Gersony Report)

SOURCE: Rodriguez, L.M./UNICEF 1989 - cited in The Situation of Children
 and Women in Mozambique, Maputo, 1990

TABLE IV.

POPULATION AND ABSOLUTE POVERTY ESTIMATES: 1990-1995

<u>Population(000)</u>	<u>1990²</u>	<u>1995¹</u>
Urban/Sub Urban	3,250 - 3,350	4,100
Peri Urban	1,150 - 1,250	1,300
Rural	<u>10,000 - 10,500</u>	<u>12,200 - 12,400</u>
Refugees	<u>1,300 - 1,600</u>	<u>200 - 400</u>
Total Population ³	<u>15,700 - 16,700</u>	<u>18,000 - 18,000</u>

<u>Absolute Poverty (000, %)</u>	<u>1990</u>		<u>2000</u>	
Refugees ⁵	1,500	100%	300	100%
Dislocated Persons ⁵	1,850	100%	350	100%
Affected Persons ⁴	2,850	90%	225	75%
Pauperised in Home District	1,000	100%	200	100%
Peri Urban	625	50%	390	30%
Other Rural ⁴	2,200	50%	3,450	30%
Urban	<u>1,000</u>	<u>30%</u>	<u>615</u>	<u>15%</u>
Total (of 16,500)	<u>11,025</u>	<u>67%</u>	<u>5,530</u>	<u>31%</u>
	(of 16,500)		(of 18,000)	

NOTES: ¹ Revised and adapted from Tables I, II, III for 1990. 1995 'Target' Assuming Peace and Absolute Poverty Reduction Strategic Priority.

² End of year.

³ Probable overestimate. Indirect loss of life - especially Under 5s - not adequately adjusted for unless an off-setting rise in fertility is assumed.

⁴ Includes sector familial households operating normally but also isolated/whereabouts unknown households and those under bandit coercion.

⁵ For 1995 those who have not yet returned home, resettled, restored output.

instrument is the minimum wage supported by action to increase employment, selective, targeted support measures where these are identifiable and feasible (e.g. drug charge capping). In respect to basic services the thrust needs to be threefold: a) restoring real government allocations over time; b) mobilising and deploying additional funds from external sources and c) increasing efficiency of resource management and utilisation (e.g. reduction of probable drug wastage and inappropriate use through inventory and flow control plus use monitoring).

However, the proper concerns of PRE in respect to absolute poverty reduction and social welfare enhancement must go far beyond damage limitation. Enhancing the human condition in particular by increased access to basic services (especially health, education, water) of acceptable quality, ability to produce or to afford to buy adequate food and employment or self employment adequately productive and fairly remunerative to cover basic household costs have been and remain central to Mozambique's development goals.

One central thrust towards achieving them has to be increasing the quantity and quality (productivity and resultant wage or income) of employment (especially in urban and peri-urban areas) and self-employment (notably but not only in the agricultural familial sector). Specific policies and programmes as well as economic expansion more generally are needed to achieve this. In particular rehabilitation of infrastructure, housing and directly productive assets can use significant numbers of workers at least temporarily or seasonally, provide demand to reactivate certain sectors of industry and be financed via external recovery/rehabilitation assistance including food aid. The rural familial sector requirements are more complex including in many cases enhanced security but also including access to inputs, to transport, to markets and to goods to buy over time increasingly complemented by research and extension and general (health, education, pure water) services.

Augmenting the public revenue base as the economy recovers and restoring the share devoted to recurrent health, education, pure water and extension (agricultural and other) services as subsidy requirements are pruned (and the still unsustainable debt service burden negotiated downward) is of comparable importance both for absolute poverty reduction in the present and future generations and for increasing labour productivity and the human

capital base. Given the limits to possible gains in the short term - and the continuing security expenditure burden - additional resource mobilisation measures will need to be identified and applied within the PRE context.

The extent and nature of potential domestic mobilisation is unclear. As World Bank consultants in both the Health and Education sectors have noted, most Mozambicans are poor enough that standard user charges cannot form a major source of finance for them. In the case of stand-pipe water the case may be somewhat different, at least in areas now dependent on purchases from water carriers. Under certain conditions in other SSA economies substantial supply of furniture, materials plus maintenance and construction labour for basic facilities have been by the user communities. However, realistically targeted mobilisation of foreign resources for specified purposes - recurrent as well as capital - is needed. In respect to recurrent expenditure, foreign exchange intensive items e.g. paper and ink for textbooks, drugs and medical supplies, spare parts for equipment and vehicles maintenance are priorities because maintenance and supplies - despite some restoration in the 1989 and 1990 budgets - have apparently been severely squeezed since 1981 and especially over 1985-88. The appearance is worse than reality because of off-budget commodity aid but only in the case of drugs is a confident assertion that physical quantities have risen possible.

Third given the limits on practicable resource mobilisation, efficiency in use must be increased by more tightly focused priority objectives, if necessary with elimination of certain desirable but unsustainable services (e.g. perhaps urban funerals by health). Similarly, changes are needed in allocation, control and use of resources to limit wastage and straggle and to reduce wastes resulting from imbalances of resources (e.g. vehicles and staff without petrol) and inadequate maintenance.

PRE And Absolute Poverty: An Interim Resume

PRE has stabilised the economy and made possible 4% to 6% annual rate of overall economic growth (recovery) - both urban and rural.

This growth has been uneven with medium and large scale urban production, food and export crop production in more secure areas, and construction the main sources. The sector familial in most areas has fared less well - as

has rural commerce - primarily for security reasons. The urban artisanal sector has also gained relatively little because of both supply and demand constraints.

Prices - more accurately openly recorded official and legal market prices - have risen rapidly. A greater proportion of transactions now passes through these market channels than before 1986. Candongo prices have risen less rapidly. No reliable consumer price indices (especially for poor households) exist beyond the abastecimiento basket.

Therefore, it is very hard to say whether wage increase in real terms have defended the real consuming power of low income households.

Urban formal sector (salario) employment has not fallen significantly, but nor has it risen. Rural decreases have been concentrated on a few *empresas* whose land was de facto turned over to former employees to use with very unclear impact on their incomes.

Goods are more readily available in urban and some rural areas. However, the bulk of the evident demand increase for amenity goods and services leading to a limited shop and restaurant boom relates directly to increased foreign aid, in resident expatriate population and to the immediate beneficiaries thereof.

General rural rehabilitation has made little progress, primarily because of the continued war, but also partly because of continued over-allocation to large scale construction schemes notably in respect to irrigation.

Real resources available for basic public services may, by 1990, have increased. Certainly the negative 1981-1985 real trend has been halted. Because of donor provision of materials (notably drugs) not yet consolidated into the budget, published financial figures suggest the reverse. However only in Health do physical provision of services data unambiguously indicate a recovery and, on balance, those for primary and adult education indicate overall stagnation with continued declines in rural areas offsetting urban gains.

Improved food security has resulted from massive increases in Food Aid (whose counterpart funds have helped stabilise certain key components of the Recurrent Budget) and in logistic (delivery structures and equipment support). Nominally this is separate from PRE pledges but in practice the

sharp 1986-89 rise in Emergencia funding would not have taken place without PRE.

On balance the evidence points strongly to three interim conclusions:

1. By helping to halt generalised economic decline and contraction of basic services PRE has virtually halted or slightly reversed the upward trend of 1981-86 in numbers of absolutely poor people;
2. A large proportion of this gain turns on increased Food Aid;
3. PRE may have created a base from which to mount future strategic struggles to reduce absolute poverty levels significantly. To date it has not actually had such strategies adequately conceptualised, articulated, funded or staffed to launch such a struggle on a broad front, much less to reduce numbers of households afflicted by absolute poverty.

Emergencia, Development, Social Dimension

The Emergencia programme - running in recent years at expenditure levels in excess of US\$ 300 million a year - is a social dimensions-oriented programme. It is primarily about survival (literally) and only secondarily about human rehabilitation (including rehabilitation or rural household production capacity). Necessarily to achieve these goals it has substantial logistics (transport and secondary transport infrastructure), basic services (especially health and water) and agricultural (resettlement) components. However, because it arises out of the war situation, it is not usually considered together with national institutional and urban (or stable rural) population social and development programmes. This gap in policy integration and coordination and integration can readily be understood, but none the less needs to be closed in the future. This is a matter of priority in achieving a comprehensive human condition overview, policy pattern and efficient resource allocation system.

Emergencia's first concern is survival - in particular securing in 1988-90 over 400,000 tonnes a year of grant and soft aid food deliveries. In urban areas these are sold but because of the security situation's erosion of exports their foreign exchange value could not be made available for commercial imports even though consumers could pay in domestic currency.

The balance of food aid is directed to dislocated and severely affected people as survival grants.

The need for these massive food imports comes largely from the war. Domestic commercial sales of basic foods now come to about 10% of the commercial food sale plus relief requirements. Even with gradual improvement of security and transport (including long distance transport as the national food surplus provinces lie to the north of Beira or, in the case of Tete, inland from it), substantial grant or soft loan imports will be necessary for the foreseeable future. Therefore, the allocation of food and of the proceeds of commercial sales needs to be viewed more integrally and over a longer time frame within the optic of PRE and especially its social dimensions.

Household livelihood rehabilitation and related transport and basic services rehabilitation are present in Emergencia and have in the past attracted not insubstantial support (albeit with patterns ill-adapted to coherent programme implementation). Unless survival at personal level is followed by initial partial productive capacity rehabilitation and then by re-establishment of a stable rural household with a firm production base then initially conjunctural absolute poverty will become structural. Basic services restoration is also crucial to the restoration of rural civil society and of transport to market (and service access). These aspects of Emergencia need to be more coherently and systematically focussed and integrated into broader rural policy and programme approaches. Whether they are still termed Emergencia or regrouped and titled Rehabilitacao is operationally a secondary (though not unimportant) issue: the primary question is how to avert loss of external support. For example, seeds and tools to restart production are available to dislocated and severely affected persons (and to returning refugees) but not to less severely affected villagers who lack them, are decapitalised and cannot afford them at post PRE prices even when they are available in shops (as is the case in some districts and towns).

The structuring and programming of rehabilitation diverge significantly both from survival support and from development support for poor households who do, however, have existing homes and livelihood bases (even if both are inadequate). Therefore, a case exists for separate programmes focussing on rehabilitation to enable returning refugees, deslocados, afectados,

demobilised combatants and pauperised households still in their original home areas to regain the ability to benefit from more standard development initiatives such as the Priority District Programme.

CHAPTER IV.

URBAN ABSOLUTE POVERTY

A.

Urban poverty mapping or even systematic description in urban Mozambique (or even Maputo) is exceedingly difficult in terms of systematic qualitative descriptions. Indeed, it is almost more difficult than for the rural sector. The reason is not lack of a good deal of sectoral data including key symptoms (e.g. malnutrition), major components (e.g. individual key prices such as energy or abastecimento or the minimum wage) nor probably fairly correct qualitative views of trends over certain time periods. They are first, that no usable low income household income study (nor cost of living index) exists with the partial exception of the 1988 Tete Household Study, and that while the Tete and Maputo studies have some data on overall low income household income expenditure patterns, these are not adequate for analytical purposes. The second is that the data are scattered in - quite literally - thousands of pages of studies largely (and quite correctly) on other aspects of some particular sector or problem and are not systematically collected, either in the studies or elsewhere. As a result, they cannot in any systematic way be discussed with senior Ministry Officials to achieve both coordinated interventions and additional data (or analysis of collected but unused data) for better future analysis and policy choice guidance. This paper is at best an early step toward plugging the second gap. It will not serve for such as long, unless a permanent process and one or two people whose full time job it is to operate and coordinate it (not to do studies themselves as opposed to syntheses) flow from it. The first gap can be filled from the mid-1990s by Central Statistics' plan (supported by UNDP) to follow the next national Census with regular Household sample surveys. In the interim, Commerce's Tete and Maputo studies should be rerun (probably plus one in a peri-urban area), with advice from a specialist consultant on household budget studies. The reruns should include identification and categorisation of "informal" and other secondary incomes sources including Zonas Verdes self-provisioning and commercialised output.

At present attempts to identify a poverty line and poverty mapping must build on the Tete and Maputo 1988 Household Surveys which are primarily

nutrition studies and whose key tests of poverty are high percentages of low birth weights and child growth faltering.

The 1988 Tete study had rather better budget study data and found MT 4,000 (in 1988 prices perhaps MT 6,000 to 6,500 in end 1990 prices) per household member per month expenditure to be the level above which child growth faltering declines rapidly. This level has been used for Maputo on the basis that while Tete food costs are moderately higher energy costs are moderately and urban transport costs (because of much shorter distances almost all walkable) radically lower and those of basic consumer goods not markedly different.

From data culled from several sources, a MT 32,000 (1988 prices) household budget (an eight person unit which is the urban average) for Maputo can be sketched on a stylized basis:

Abastecimento	MT 16,000
Other Food	MT 2,000 - 6,000
Fuel-wood/Charcoal	MT 4,000 - 6,000
Transport to work	MT 4,000
Fees (especially school)	MT 2,000 - 4,000
All other consumption (Clothes, Household Goods, Rent)	MT 1,000 - 4,000

This is for a canisa household living in a self-constructed house. The lower other food figure would be with possession of a productive machamba (for self-provisioning or sale - held by perhaps 10% and 5% of such households respectively). A concrete city household would have a different pattern. Rent would probably be MT 5,000 - 7,500 offset by elimination of urban transport and by income from sub-letting (or for sub-tenants perhaps MT 2,000 - 3,000 offset by the transport exclusion). Energy costs could be half as high or one-and-a-half times depending on economies from using electricity or kerosene and/or pooling cooking of two or more households and extra costs from using charcoal. Access to productive machambas would be less or would incur either cash, transport or long walking time costs while access to other secondary (including informal sector) incomes would probably be somewhat better than for a canisa household.

Estimating incomes is more problematic. Nationally it is estimated that there are as of mid-1988, 580,000 formal sector jobs about 400,000 of which are urban. On the basis of Maputo's virtually 50% share in urban population this would suggest 200,000 odd in Maputo. The Urban Survey however, suggests about 140,000 - 150,000, a serious discrepancy for purposes of estimating absolute poverty. A different employment estimate for January 1988, shows 500,000 categorized (by type and income distribution) of which perhaps 350,000 are urban. This suggests 160,000 for Maputo which is much closer to the survey result. Employees showed about two-third at or above MT 22,500 a month. The Urban Survey indicates about a quarter of households had no modern sector wage earner, a half one, and a quarter two. Fairly clearly households with no salario are - except for self-employed businessmen of some substance - almost certain to be in absolute poverty while those with two are certain not to be. The 50% group is the problematic one. Several schematic income structures to reach MT 32,000 can be constructed:

	<u>No Salario</u>	<u>1 Salario Minimo</u>	<u>1 Salario 22,500+</u>	<u>2 Salario Minimo</u>
Salario	0	17,000 ¹	22,500	32.000 ²
Secondary/ Informal income	<u>32,000</u>	<u>15,000</u>	<u>9,500</u>	<u>-</u>
<u>Total</u>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>

(¹ Operario - ² Empregados)

Except for business households the first column requires secondary and informal income levels (of head of household and other members) which are highly unlikely to be attainable. The third column and the fourth are clearly likely to be attainable. The question is on the second. To reach MT 15,000 would require say MT 5,000 casual and after hours income by the salario earner, MT 6,000 to 8,000 by one or more other informal sector adults and MT 2,000 to 4,000 by children or largely unemployed or semi-crippled or aged adults (or receiving a pension or sub-letting part of a house or flat income). The best that can be said is that this is probably possible but not universally attained.

That suggests Maputo (and, by analogy in the absence of any hard data, other cities) absolute poverty in early 1989 was about 30%:

No salario Households	90%	(22,5)
One salario Households ¹	16%	(8.0)
Two salario Household	0%	(0.0)

¹ (50% - 30% in column 3 or above - 12% or 60% of those in column 2)

The situation in the second half of 1988 when the surveys were made was rather different. The minimum salario was MT 12,800 (12,000) for urban workers. As the expenditure data suggested about 50% households below the absolute poverty line with about 25% in the MT 0 to 2,999 per household member per month range and about 25% in the MT 3,000 to 3,999 range, clearly the MT 500 per household member per month in an eight person household or MT 700 in a six person one, would have pulled many of the 25% out of the absolute poverty zone.

The number of households near the cutoff point explains the high correlation between productive machambas and absence of growth faltering. Even a fairly small income increase - especially in the form of food - can be highly important to a not insubstantial fraction of households.

Certain further points made in the surveys are speculative as to fact or interpretation. The first is the statement that 69% of households did not take their full abastecimento ration largely because they could not afford them. As sugar has rarely been available to the full ration level and cooking oil is often not in adequate supply either the 69% figure may well be true without the asserted reason. Further, as no form of calories except leaves (pumpkin and cassava) is cheaper than abastecimento and only cassava is perhaps about the same cost among staples and as at least rice and sugar can be resold at a profit (100% to 200% on rice in 1989) not taking the ration appears aberrational. Interviews in several low income canisa areas in February 1989 did not lead to claims of major non-take-up but to saying rice and sugar were taken first (with some suggestion reselling was involved though not publicly asserted) and maize and vegetable oil later.

However, this may be a genuine change since mid-1988. GOAM believes it is a change, arguing that many retailers (not all) had become lazy insisting on full take-up of the whole ration at one go or nothing. At MT 16,000 for

a family of eight that could well have been a serious deterrent. Since then greater flexibility including commodity by commodity take-up and partial basket take-up has been introduced (it was always allowed according to GOAM albeit similar inflexibility appears to exist in their allocations to retailers) and has increased normal abastecimento take-up.

The other doubtful point in the 1988 surveys is arguing that (particularly in Tete) asset sales by poor households were a significant form of income/expenditure gap closing. Except for an ex-vulnerable household recently thrown into conjunctural poverty this seems unlikely. Absolutely poor households have few assets. (The similar argument in 1988 about 1987 use of hoards of meticaís notes built up over 1983-86 because goods were unavailable has a similar ring of implausibility as a general explanation even if doubtless true in certain cases - usually ones of less poor or non-poor households.

Changes over time in absolute poverty percentages are speculative and qualitative as the Tete and Maputo 1988 surveys have no comparable predecessor or successor. On the whole it can be argued:

- a. at any time since 1980 (and probably much earlier) urban absolute poverty cannot have been much below 15%. (The quarter with no salaries may have been 15% when the city was much smaller and up to 1980-82 one salario minimal and quite attainable secondary income levels would have kept total household income above the absolute poverty line.);
- b. absolute poverty rose from 1981 through 1983 as 5% growth gave way to at least as large a rate of decline as a result of the war. By 1983, it may have been 25% - 30%;
- c. 1986 may have been about the same as 1983 and 1987 better because abastecimento availability rose replacing candonga sources and minimum wage/abastecimento ratios were relatively well maintained;
- d. the sudden April 1988 fall in the minimum wage/abastecimento ratio caused a leap to 50% largely reversed by October 1988 wage increases and increased abastecimento take-up flexibility in early 1989;
- e. little change took place in the second part of 1989 or in 1990. Some employment gains and increased artisanal and zonas verdes sales could be noted. However, much of these gains went to less poor or not so

poor households and their overall magnitude can readily be exaggerated. On balance there was probably a very slight fall in absolute poverty incidence.

This impressionistic scenario (which fits reasonably well with what some acute observers said at these periods) is corroborated by low birth weight ratios in Maputo Central Hospital. In 1980 they were 12.5% and falling, reaching a low of under 10% in 1981 (by no means good but not unusual in a low income country). By 1983 they exceeded 14% and stayed there until 1987 when they fell to about 13% before rocketing to almost 16% in the first half of 1988. Over 1989-90 they reverted to 13% to 14%.

The data and its interpretation hold out several implications as to what can hold absolute poverty at 30%, shrink it to 20% or allow it to rise to 50%:

- a. the minimum wage/abastecimento ratio is the most dominant policy instrument;
- b. productive machamba access is secondary but crucial for perhaps 5% of households near the absolute poverty line;
- c. a selective cross subsidy on unmilled or yellow maize (a nutritious, unpreferred but not unacceptable) recovered from higher rice and sugar prices might lower absolute poverty by perhaps 3% to 4% (and cases of serious malnutrition by more);
- d. putting more goods (at full cost) into the abastecimento "fair price" channels (whether formally on ration or not) could be useful to low income households. Major examples are bread, beans and - perhaps - dried cassava.

However, it is unlikely that these measures (however skilfully implemented) can reduce absolute poverty in Maputo below 20%. The conclusions of the 1989 World Bank Food Security Study are not dissimilar - 30% urban absolute poverty with a hard core of 15% near destitute.

To match Maputo results elsewhere would require first and foremost the effective generalisation of the Maputo type abastecimento system to all towns of - say - 20,000 or more persons. Beyond the 20% point one faces structural not conjunctural, and deep, not borderline, absolute poverty.

Measures which can help erode these levels are harder, slower and less dramatic in their impact:

- a. general employment level expansion (i.e. productive employment rising fast enough to more than offset redundancies which in 1988 may have totalled about 30,000 to 32,500 with 21,000 government and 9,000 to 12,500 enterprise);
- b. selective labour intensive infrastructure and productive asset rehabilitation or extension (perhaps financed out of monetised food aid) with a bias in favour of unskilled labourers and in particular women. The majority of the 20% of absolutely poor households are female headed and almost all female headed households without a salario are absolutely poor;
- c. some type of food security related income subsidy for identified categories of absolutely poor households.

However, one other question is crucial to avoid repetition of March/April 1988. What went wrong? Understanding that is of importance to avoid repeating it.

- a. The minimum wage was raised almost 70%;
- b. this appeared to exceed CPI increase rates;
- c. in 1987 minimum wage increases less than CPI rises had apparently been consistent with constant absolute poverty proportion (and a fall in the underweight births proportion);

But the context in 1988 was different from that of 1987:

- a. in 1987 a sharp increase in abastecimento physical availability allowed a shift from candonga to abastecimento;
- b. in 1987, minimum wage/abastecimento price ratios seem to have been sustained moderately well but in March/April 1988 the ratio fell to 170/200-220 or by 15% to 23%.
- c. 1988 saw very rapid energy sector price rises because worsened security around (though not in) Maputo worsened physical access to wood and charcoal and raised risk charges;

- d. secondary and informal sector incomes rose less than the 50% (nominal) they would have needed to do to counteract the foregoing factors.

This strongly suggests the need for a new index - Low Income Household Cost of Living. The CPI index does not have (and should not have) the same weights and is in any case badly out of date in its weights. Until it can be done more systematically an ad hoc index might be computed on a 1989 MT 4,000 per person or MT 32,000 per household monthly budget (say MT 50,000 to a late 1990 or early 1991 price base), weighted:

i)	abastecimento	40%
ii)	other food	20%
iii)	fuel-wood	15%
iv)	urban transport	15%
v)	textiles and shoes, household supplies (or soap)	
	5% each	20%

Testing minimum wage changes against this index and seeing what the implications for informal sector/secondary income increases to avert a sharp rise in absolute poverty might be a useful if imprecise rule of thumb. It would have warned of problems with the March/April 1988 package of changes.

B.

Urban Public Services and Housing

Urban poverty goes beyond income levels to access to basic services. The two are inter-related: better access to health services reduces loss of income from illness; education (with a lag, long for primary and academic secondary, but less so for adult and in service specialised secondary) raises both social and individual productivity and earnings; pure water supply reduces illness and nutritional wastage (i.e. cost of any effective level of nutrition); transport and energy may be able to reduce urban transport and fuel costs in real terms. Services aspects deserve attention for these reasons and because PRE has sought to tighten budgetary constraints requiring as a matter of urgency:

- a. increase in efficiency of resource use (including external assistance);
- b. mobilisation of additional external support especially for selected recurrent cost items with special reference to health and education

(special but not unique - it might be possible to convince a Gulf state to donate 20,000 or 30,000 tonnes of kerosene a year for three years or a coal producer with surplus capacity to do the same for coal with sales revenues used to finance recurrent energy or other ministry costs);

- c. viable, cost-efficient cost recovery not limiting poor household access to basic services needs to be explored.

Further, because initial fee application efforts have had significant de-access effects (demonstrably for health consultation charges and on cost/income data inevitable for education charges), sometimes created administrative chaos and rarely yielded revenue significant in respect to ministerial expenditure coherent attention has to be given to consolidating and checking the effects of present charges. This should be done before any significant new charges or charge increases are levied and may (as the World Bank Health Sectoral Study tacitly admits) involve removal or limitation of some existing charges. Further, once the consolidation stage is completed any new charges should be preceded, not followed with a lag, by:

- a. social cost assessments with specific measures to limit de-accessing of poor households;
- b. coherent collection and accounting procedures (and forms) plus agreed exemption and waiver categories made clear to all officers (national and provincial) who need to become involved in administering, collecting or accounting for them. The combination of decentralisation, limited professional cadres and weak communication systems means that in Mozambique at least six months preparation after a decision are needed to implement complex rule or procedure changes if they are to work smoothly or promptly. (This does not apply to certain types of changes which require action by a few people, e.g. exchange rate alterations, nor should it apply to those which are bureaucratically simple, e.g. grower price or uniform percentage wage scale increases. Lags of up to four months in these cases can and should be ended.)

However, it can be argued that uniform, rigid centrally set fees are, especially in the Mozambican context, a poor way to maximise either

community financial support or community involvement. Separate fees for each service can become an overload on absolutely poor household budgets well before they become a significant revenue sources.

In some cases labour or materials may be easier to mobilise and/or non-uniform, community set and collected charges may be both more revenue generating and less damaging to absolutely poor household access. The canisa water (fontenario) project is to experiment with a variety of community cost sharing schemes to explore these issues.

Health

Health's immediate substantive priorities are:

- a. to maintain present levels of coverage and quality in Maputo and extend them to other cities and towns;
- b. to extend coverage of priority services (e.g. MCH, immunisation) where take-up is known to be lower among poor households;
- c. to restore real resource for preventative and community outreach medicine which have been falling for several years;
- d. to follow on from its excellent nutrition monitoring and survey work to a package of interventions which will be practicable, financeable and effective and to establish a coordinating and evaluating role in respect to all nutritional interventions in order to ensure that the limited actual and mobilizable resources available are devoted to priority ends or projects which have other justifications are clearly labelled as such.

Three quantitative tests of success will be:

- a. a halt to the fall in consultations which appears to have begun as long ago as 1985 and was over 50% at many postos and centros in urban areas;
- b. a continuation of the increases in MCH consultations and vaccinations;
- c. a sustained fall in underweight births and growth faltering percentages as well as in incidence of young child malaria and "at risk" pregnant women/anaemia and underweight).

To achieve this the ministry clearly needs more real resources, in a better balance, more efficiently used and handled in a comprehensive, comprehensible accounting format.

The first stage in this process must be to look at total real resources from all sources together to determine:

- a. levels
- b. trends
- c. balance
- d. priority gaps and reallocation possibilities

For example deflating government allocations by the CPI (let alone converting them into dollars at official exchange rates) is not informative and is more likely to cause despondency than renewed effort to mobilise and deploy resource efficiently. The CPI is a poor guide to health costs. Wages and salaries have risen less rapidly, import prices (now largely shifted to external finance sources) much more rapidly at least over 1987-88, other local purchases perhaps analogous to the CPI but perhaps not. The dollar/MT ratio is no guide to effective purchasing power in Mozambique nor - given the dollar's wild fluctuations since 1979 and the fact most health imports do not come from the USA - even to import unit costs.

Available data do permit a few tentative preliminary conclusions:

- a. health professional levels have held up well and overall probably grown slightly;
- b. drug imports are dramatically down on 1981 levels but significantly better than 1984 and on a rising trend;
- c. equipment and vehicles have probably exhibited the same pattern;
- d. maintenance expenditure and domestic supply purchases have been cut draconically in real terms in 1985 and 1986, somewhat in 1987. Moderate increases in 1987 and 1990 have not fully offset the cuts and coherent external support generation has (in contrast to drugs) yet to take place;
- e. therefore overall resource levels have probably risen slightly since 1985 with further increases likely in 1989;

f. but the cuts in domestic supplies (including food) and maintenance availability have prejudiced the efficient use of the other resources and, unless corrected, will do so even more in the future.

Drugs illustrate some of the foregoing problems. From 1981 to 1984 the current dollar value of imports fell 63.1%. It then rose to 85% of its 1981 level (about 230% of the 1984 trough in 1987 and probably higher still thereafter). But this says nothing about real quantity movements over 1981-1987. The dollar probably lost 25% of its value against the currencies of major drug suppliers to Mozambique and they probably had at least 40% inflation. That suggests 1987 real imports were 48% of 1981 and 1984 perhaps 31%. On a per capita basis 1984 imports were about 29% of 1981 and 1987 about 41%. As of 1990 the percentage was probably over 40 but under 50 based on 1981 but 130 to 170 based on 1984.

In 1981 most drugs were financed out of the government budget. By 1987 only 11% came from that source; 15% from external soft loans or supplier credits; 57% from general or sectoral import support and 17% in kind from external donors.

Drugs also illustrate managerial efficiency gaps. Nothing is known about degree of cost increase or departures from the national formulary resulting from use of variegated external financing sources. Next to nothing is known about spoilage and expiry or pilferage losses nor about actual prescription patterns and unmet demand. Finally, the CIF to dispensary cost markup (even excluding tax elements) seems to exceed the 20% to 30% range usually attainable by reasonably efficient public or private not for profit services. A study of these issues is a priority. It could well indicate ways to achieve cost savings on purchase of up to 10% (e.g. Italy is a low-cost commercial drug exporter - is its aid to Mozambique priced at similar rates or much higher ones?); on reduction of wastage, spoilage and pilferage of 20% and on excessive or misprescription of 20% cumulating to about a 45 to 50% saving on present import cost even excluding any possible cost reductions on distribution. This is it should be noted a higher gain by three to four fold than the maximum possible from greater cost recovery. Since its social conditions negative side effects are also lower (approximately nil) it is clearly a much higher priority.

Drugs also illustrate the problems of resource imbalance. Wastage of (including non-maintenance) of the Ministry's vehicle fleet and

deterioration of its cold chain have led to greater port to point of dispensing lags and thus more wastage by expiry and to greater spoilage from exposure to too high temperatures. Thus these maintenance resource cuts since 1984 have partly cancelled out the recovery in real drug imports.

The balance of supply and allocation of drugs is almost certainly inefficient. It is supply, not demand, driven with inadequate feedback on use. While a basis for Provincial and District allocations does exist, it is not responsive to changes in population, to varying local disease contexts or to variations in morbidity (illness) patterns. Thus it is likely that shortages and oversupplies exist from misallocation but no reporting back process to monitor and to adjust future deliveries exists to data.

Finally drugs illustrate the problems of quickly introduced none too clearly articulated cost recovery systems. The intended basis was 100% of full cost recovery including distribution costs with limited exceptions relating primarily to preventative drugs (e.g. vaccines) and certain exemptions (e.g. for deslocados). Actual collections were in 1987 4.6% of the value of allocations (one has no idea what percentage of these were actually used) and ranged by province from 15.4% in Maputo City and 20.6% in Cabo Delgado to nil (or no report?) from Sofala and Inhambane Provinces and under 1% in Nampula and Zambezia. Clearly there was no actual agreement on exceptions and exemptions and in some cases no effective collection mechanism at all. In Maputo City, Maputo Province and Maputo Central Hospital where one can assume fairly uniform and correct interpretations of coverage were made and administration was well above average the average recovery rate was 8.4%.

The probable maximum attainable collection rate is about 25% assuming:

- a. use to be 80% of allocation (wastage, spoilage, expiry, pilferage);
- b. 20% of use falls in excluded categories;
- c. 40% of users fall in exempted categories (though probably not over 15% of drugs);
- d. capping of hospital in-patient charges direct to patient reduce coverage on 50% of use to 5%.

Thus a maximum gain of 20% could be caused by a perfect recovery system assuming increasing prices to the current exchange rate, no leakage of funds and ignoring patient deterrence/deaccessing which must be greater than 0 but on which no studies have been done. In the first place 80% rather than 100% of the norm would be a more attainable target and in the second a better collection system as proposed by Farmacia would probably cost 2.5% of drug value. That reduces the realistic net collection level to (25%) $0.8 - 2.5\% = 17.5\%$, a gain of 12.5% over present collections in contrast to the 45% possible from greater efficiency in buying, handling and use (or 31.5% assuming 80% attainment and 2.5% expenses of attainment). The concentration on charge collection can be inefficient in diverting attention from savings on purchasing, distribution, wastage which in sum are probably more significant.

The other charges have different problems. The hospital in-patient charge probably does not deter use. But it does not do so because in general either an employer is billed or the patient is exempted. In a context of cash flow stringency actual collection from employers will prove difficult and often impossible as has been the case to date. To halt service to employees of late payers is not a plausible sanction but in its absence firms with cash flow problems will pay suppliers who do threaten supply cutoffs (e.g. Petromoc) first and Health last.

Consultation charges appear to have had a significant deterrent impact as evidenced by a Maputo case study. In the cement city consultations fell 23.5% 1986 to 1987 and 8.6% 1987 to 1988. The canisa consultations fell more sharply from 1986 to 1987 - by 32.7% (perhaps because average incomes were lower and MT 100 a greater deterrent) but rose by 1.3% to 1988 parallel to introducing exemptions for poor and displaced persons.

It is admittedly hard to see why MT 100 (1.5% of 1987 monthly minimum wages) should have had so drastic an effect but the evidence really cannot be interpreted to mean anything else. Nor can the supposition that many deterred visits were unnecessary, and known by the prospective patients to be low priority, be taken seriously. Transport costs and loss of working time travelling and waiting are quite high enough to deter frivolous visits except at works clinics (which did show larger falls than canisa or cement city residential area ones).

As the total revenue from all fees and charges in 1988 and subsequently was less than 1% of total government health spending and has caused vast confusions, serious deterrence and misallocation of senior professional time, it seems clear that while revocation may be impracticable or even unwise, present attention should be limited to consolidation and should have much lower priority than genuine cost-efficiency gains and selective mobilisation of additional external resources. This suggests a need to review and alter emphasis and effort distribution within the present institutional strengthening process away from fee reform toward increased efficiency in resource use.

In the short to medium term health faces two interlocking challenges in low income urban areas: improved health education and extension (perhaps by an analogue at neighbourhood/quarter level to the village APE) and HIV/AIDS (probable 6% urban HIV positive rates although adequate up to date data are not to hand). A third might be viewed as building on the restored centre city rubbish collection service to reduce environmental hazards resulting from rubbish pileups in the canisa quarters.

The length of this subsection on Health should not be taken to imply that deficiencies are greatest or achievements least in Health. In fact the contrary holds - the Ministry of Health has clearer strategies, better data and greater success in maintaining and restoring basic services than several other sectors. It is a combination of the basic importance of health services and of the more readily available data which leads to the more detailed examination.

Housing

Concrete city public housing (19%) and other (81%) residents face very different problems.

From 1986 to 1988 rents in the concrete city are said to have risen from 18% to 33% of occupants' average salaries. They are also said to have risen 100% which would imply a fall from 18% to 7%! The former data based on the Maputo Survey appears more accurate for 1988 and it is scarcely credible that 1986 rents were 75% of average occupants salaries as the other study seems to suggest, if one takes present actual rents paid and salaries received from the first study as accurate. Several fairly agreed facts are:

- a. 1988 rents bore heavily on lower income concrete city tenants;
- b. they were to a substantial degree offset by inevitable (even if illegal) sub-letting leading to overcrowding;
- c. transport charges from the canisa since 1988 fare increases and 1989 liberalisation (opening to private transporters) (together with sub-letting) offset higher concrete city rents;
- d. present rent levels at best cover administration and part of operation and maintenance, i.e. they are not adequate to restore and maintain the urban housing stock;
- e. higher rents mandated after rehabilitation under the World Bank project, if in fact fully implemented, will force present tenants to stay in their interim houses as they could not afford the new levels.

Canisa housing problems are different. On the face of it construction costs of MT 600,000 to MT 900,000 (1988-89 prices) for simple, small traditional or modern material houses are prohibitive (albeit at \$ 650 to 1,100 at late 1989 exchange rates they are not absolutely particularly high). Yet informal and builder occupier construction does proceed and indeed plots are at a premium leading to sale (illegal) of machamba allotments as housing sites.

On present cost calculations even loans at subsidised interest rate (say 9% versus 25% commercial rate) would be too high for most households to service if designed to recover the full costs of new canisa houses. Whether an ongoing study will determine that lower cost materials and techniques can be found is unclear. The present World Bank site and service scheme with core house will on precedents elsewhere prove to be accessible to the middle class (higher operario salario and above) but totally beyond the means of two-thirds to four-fifths of Maputo residents. Upgrading of existing settlements may be more widely accessible.

Water and Sanitation

Urban safe water coverage has fallen from around 50% in 1980/81 to 35% today because population has grown faster than facilities. In Maputo about 20-22% have access to piped water and 10-12% to stand-pipe water. The source of the other 65% to 70% is unknown but is likely to be polluted

shallow wells, unprotected and often stagnant open sources and up to 20-25% candonga water from water sellers. The last may come from main sources and be safe, but is also very much more expensive per litre than piped water, another case in which poor households pay more for a basic need than less poor households.

Water fees are charged for house connections only. Until 1987 they covered both operation and maintenance but despite substantial (but less rapid than CPI or salario minimo) increases they now cover operation and only part of maintenance.

Boreholes users are not charged which contributes to slow extension. While donors might be willing to cover capital costs (although to date they have preferred rural to canisa or peri-urban projects) in the absence contributions to enhanced recurrent costs these would be beyond the Ministry's present resource levels. Experiments are to begin with community user group well management collecting monthly or per bucket fees to pay over to water on a basis intended to cover operational and maintenance costs with higher charges for excess maintenance arising from misuse. If this proves successful, the constraint will shift back to donor capital funding.

In Maputo growing canisa population density has created an impending health and nutrition disaster. Shallow wells all show above 45 mg of nitrates per litre (the safe limit) and some up to 100 mg. The pollution (from latrines) is now penetrating the clay layer and entering the borehole water table with some boreholes already approaching the 45 mg per litre point.

Urban piped water charges have deterred consumption. Minimum rate consumption rose from 19% of consumption and 44% of house connections in 1987 to 30% and 54% in 1988. Because the tariff is cross subsidised by higher charges on high consumption this shift has led to a serious revenue shortfall. Equally alarming it has apparently been achieved by cutting toilet flushing, bathing, cleaning and clothes washing which taken with increased overcrowding have serious implications for concrete city health and nutrition.

Water pollution, water-borne disease incidence and disease caused loss of ability to use nutrients reducing effective calorie intake levels by up to 30% in extreme cases are known to exist - especially in the canisa - but

have not been surveyed or analysed. A study to this end is now proposed by Water coordinating with the Nutrition Unit of the Ministry of Health.

In more densely settled and highly polluted canisa areas the only practicable solution is likely to be stand-pipes served by extending the inner city mains system. In those where local source quality problems are not so severe yet reducing increase of population pressure by extending the canisa outward onto newly designated plots might avert further pollution build-up.

Sanitation has also faced eroding coverage. In the late 1970s early 1980s a 60% level was attained in Maputo on water-borne sewage and improved latrines. Today water-borne is 25%, improved latrines 15% , earth latrines 40%, unknown or no facilities 20%. This does not appear to represent loss of existing facilities but rapid population growth and much less rapid sanitation facility growth. In other cities the first two rates are distinctly lower.

Higher improved latrine prices on the self-sustained programmes has led to a 30% fall of slab sales in Maputo and to larger percentage falls in other cities so that the programme is no longer self-sustaining but subsidised to cover part of overheads.

A related problem in Maputo is the very visible build-up of both rubbish and garbage in both the Concreto and the Canisa. In other cities - e.g. Rio de Janeiro - similar build-ups have recently been found to be causal factors in rising malaria morbidity and mortality rates.

The restoration of rubbish collection by the Cidade in 1989 (following concern over malaria case growth and the danger of cholera or other epidemics) is an example of action on a priority problem of special concern to poor people. In addition it is labour intensive with large crews fanning out from lorries and employs a significant per cent of women. However, it remains largely a concrete city service. Extending it to the canisa remains to be accomplished.

Agriculture

Agriculture's urban role relates to machambas both in relation to urban market secondary food supply, poor household secondary (and occasionally primary) income and household self-provisioning. These are important roles

given the weight of non-abastecimento food in the borderline absolute poverty diet and the high correlation between productive machambas and low incidence of the nutritional symptoms of absolute poverty for households whose cash incomes alone would drive them into that category.

In Maputo about 30% of households have formally allotted machambas of which one third (10% of households) are productive as to grain (over 150 kg). At least another sixth (5% of households) are productive in crops other than grain, e.g. well watered ones are usually devoted to vegetables for sale and own use because under well watered conditions this use is substantially higher return than grain. Percentages for other towns are higher but probably none approaches 100%.

Two problems are central:

- a. increasing productivity on existing non-productive machambas (up to half in the Maputo Green Zone) by techniques including, but not limited to, small scale irrigation;
- b. increasing Green Zone sizes and giving preference in new machamba allotments to low income and especially female-headed household applicants (as was done in respect to new plots made usable as part of Dutch Water Project).

Agriculture has built up a very considerable body of knowledge on the Maputo Green Zone as well as of some of the others. On the first problem present approaches (including women's coop strengthening) appear sound. On the second the view - especially in respect to Maputo - that no expansion possibilities exist should be reassessed to determine whether some "waste" land within the Zone could be made productive at a reasonable cost or the Zone's perimeter pushed outward.

A corollary is to reject proposals which would encroach on machambas in present Zonas Verdes by turning present machamba land over to medium scale commercial farms. This has been under consideration in the Tete Zonas Verdes in an area in which machamba holders with NGO help have recently developed well-based small scale irrigation to make their machambas productive for the first time and a medium-sized commercial farming enterprise seeks reallocation of the improved land to it to grow vegetables (which it could do in a variety of reasonably secure areas near Tete but

outside the Zonas-Verdes if it were prepared to put in its own small scale well or river pump irrigation).

Transport

Transport's relevance to urban absolute poverty and its reduction has two branches - urban passenger traffic and intra-city/peri-urban goods transport. (Inter-city and rural issues are considered in the parallel section on rural poverty).

Urban bus rates at MT 100 a ride in 1989 (MT 200 a day for a commuter from the canisa) are high relative to incomes (30% a month at salario minimal level) but without bus service people could not live there and work in the city centre. Further it is unlikely that they can be reduced consistent with enterprise viability. On balance liberalisation has increased volume and convenience of service, saving valuable time for low income household riders, but has slightly raised average costs.

A basic question for the public sector is service enhancement. The urban bus company has about 60 operational busses whereas roughly 260 are probably needed to meet demand in a city of the size, income structure and population of Maputo. Securing external aid for 200 busses might pose few problems. Keeping them supplied with spares would as would maintenance.

A three-pronged approach might be tried to this problem:

- a. negotiate a five year spares commitment (including tyres, tubes and batteries given present local production constraints) in aid financed bus procurement contracts providing for four preset deliveries a year;
- b. also negotiate provision of two mechanic trainers one for one year and one for two;
- c. recruit ex-miners who have learned basic technical and engineering skills on the Rand and are now unemployed or not very gainfully self-employed in Maputo (as the Ministry of Health Equipment Maintenance Unit has done successfully).

The opening of urban passenger transport to the private sector has been successful in Maputo. Casual observation suggests that time savings to workers and late arrival reduction savings for employers are significant.

So is the reduction of pressure on the public sector for unsustainable expansion, i.e. a mixed sector with a modest expansion of the public sector urban bus company (or a joint venture successor) to 100 to 120 operational vehicles is probably a better option given scarcity of finance and mechanics than a drive toward 260. Whether the private vehicle pool, savings and access both to rand and to South African vehicle and spares markets which lie behind this success exist in other cities is somewhat doubtful so that generalisation of results may not be attainable in the short term.

Urban goods transport facilitation is perhaps as much a Commerce or Industries topic as a Transport one. Basically it involves:

- a. strengthening the institutional and fleet capacity of existing public sector companies;
- b. expanding the present programme of using externally provided vehicles to strengthen private sector capacity by selling them on reasonably attractive loan terms;
- c. strengthening that programme by negotiating for spares supply for the new vehicles and existing ones of the same makes and selling these (through a commercial enterprise at a full cost "fair margin" price).

In general Maputo private sector urban goods vehicle services appear adequate and not radically overpriced. Their owners' access to rand and - therefore - to the RSA spares and second hand vehicle market gives them clear advantages over the public sector and competition appears to be ensuring that users share in them. However, access to vehicles by some groups of special concern in the poverty context, e.g. artisanal and Zonas Verdes Co-op, may be inadequate. The problem is not merely access to credit but to Forex to purchase low cost vehicles and a continuing flow of spares.

On the infrastructure side there would appear to be an opportunity to use unskilled labour for rehabilitation much of which would require little more than molten tarmac, pick axes and shovels, a few back-up lorries and mixers plus semi-skilled foremen and unskilled workers. ILO has experience with such projects and both WFP and USAID have finance them via food aid.

Energy

Energy's relevance to urban poverty reduction (or the reverse) relates to fuel and lighting costs. Here the problem is that insecurity, increasing population and retreating forest margins have caused wood and charcoal costs to sky-rocket to MT 10,000 as for 1989 for a fully adequate month's household supply. This hurts the poor worst as the costs of comparable kerosene and coal supplies would cost MT 20,000 to MT 2,500 and of electricity MT 1,000 to 1,250 a month but the facilities to use them are rarely present in the canisa.

Action under the urban household energy project with the World Bank has focused on reducing low income household energy costs. Partly on its advice, kerosene imports have been reintroduced as an immediate solution to Maputo's low income fuel problem. If adequate levels can be achieved and costs remain at MT 2,000 - 2,500 per household per month, consolidation of the escape from absolute poverty could be achieved for that 20 - 25% of urban households who apparently were plunged into it last March/April and may never have emerged again after the last minimum wage increase.

Coal could be provided at comparable costs but requires actual commercial production of successfully developed low cost/fuel efficient/low pollution cooking stoves. A test project might be done in Tete where wood-fuel costs are higher while Charbomoc at Moatize has a 600,000 tonne coal stockpile and a largely unused engineering workshop which could presumably fabricate 3,00 odd stoves to meet initial Tete-Moatize demand.

Electricity's cost advantage over coal and kerosene is slightly unreal and almost certainly ephemeral. In 1989 electric cooking stoves cost MT 65,000 in Maputo - well out of absolutely poor or borderline households price range. Further the electricity segment of the World Bank's energy sectoral programme will almost certainly require over a 100% tariff increase as a condition for continued support to electricity generation and distribution. The 1989 rate which had been constant for two years was probably below half the minimum necessary for full operating cost and depreciation recovery. Even if net return on assets is targeted at low levels increases of over 200% are likely to be necessary by the mid 1990s.

Small scale wood-lots and agro-forestry are strategic medium term options. However, security conditions and pressure on land may make them unsuitable

for Maputo. If secure areas can be found trial projects in respect to Beira, Nampula or Chimoiio might be more promising. Until supply and access to wood/charcoal increases, improved wood stoves and charcoaling techniques - which have been developed - are unlikely to do much to mitigate the prohibitive level of wood-fuel prices.

Education

Education faces challenges to maintaining its relatively high enrollment rate in Maputo and other major cities while halting the decline in quality which has marked recent years, the shortages of texts which have been one of the causes of qualitative deterioration and avoiding massive deaccessing of children of poor households by present fee and charge levels. Unlike Health, Education's available real recurrent resources have unmistakably shrunk because there has been no substantial donor support for recurrent budget items beyond textbooks. Recent World Bank and Scandinavian Funding may help reverse this as may authorisation to allocate USAID counterpart funds to recurrent education costs.

Quality declines in Maputo appear to have three main causes:

- a. the abandonment of the pre-primary year to teach Portuguese (the language of instruction of which a majority of children do not understand on entry, i.e. those from households where the mother does not speak Portuguese which is a very high proportion of absolutely poor households) and social interrelationships, and the failure to achieve these goals in the first primary year;
- b. the absolute scarcity and absolutely prohibitive price for poor households of textbooks;
- c. the three shift system which gives too brief a school day - particularly in the context of the two previous barriers to effective schooling.

The results are massive repeat and dropout rates. These are so high that educational efficiency (measured in years taught per graduating pupil divided by the number of course years) is only about 20%. Even those who do complete do not have an adequate educational base resulting in almost equally high repeat and drop out rates at subsequent levels.

None of the basic weaknesses can be cured without more resources though the first could be mitigated by teaching Portuguese (rather than teaching other subjects in Portuguese) less ineffectually in the first class year.

Cutting the three shift system back to two would require up to 50% more classrooms (for which foreign finance might be available) and training and paying a one third to one half increase in the teaching cadre (depending on present and future numbers of teachers enhancing earnings by doing more than one shift) which would have to be domestically financed unless a commodity aid project to top up the present education salary fund from its monetized proceeds.

The textbook system is radically inefficient:

- a. the cost structure of the public sector wholesaler is very high;
- b. because of limited copies printed so are printing costs per text;
- c. textbooks and exercises are in a single volume effectively deterring multiple year use of the same textbook;
- d. textbooks are retailed via private traders without "fair price" setting so that (given their scarcity) very high profit margin are charged. Demand is therefore, so low that texts beyond the first year are not widely stocked;
- e. textbooks are privatised, i.e. bought by each child's parents; not bought by the school and lent out to pupils.

One way forward would be to:

- a. secure donor assistance to repair and rehabilitate educational printing capacity in Maputo, Beira and Nampula and to provide a stock of plates, type metal etc as well as - if needed - training courses for compositors, typesetters and other skilled workers;
- b. plus donor grants (possibly in kind) of enough paper, ink etc to print texts adequate for 125% of total present national primary enrollment (to allow for increased enrollment and early wastage by loss, theft and/or destruction);

c. the school system to rent out the books to parents at 20% of cost (factory cost plus a 5% margin plus delivery costs) - assuming a five year average text life - low by North American standards - with a 60 or 80% of cost penalty charge if the book is not returned at the end of the school year. This would create a revolving fund adequate to re-acquire texts for about the present enrollment and - if texts lasted on average six years - could yield a surplus toward expanding the book stock parallel to enrollment.

If as is argued the state of schools and the lack of lockable cupboards to keep books safe prevents a loan system then the proposed primary school rehabilitation project should include lock up cupboards. Multi year, school owned lending of texts is inherently more efficient than a one year, private purchase approach. And it is much more suitable for ensuring adequate access to texts for children of poor households.

The deterrent or deaccessing effect of total text, fee and other schools on low-income households is illustrated as of mid 1988 by considering school charges for three children in various grades on rural and urban minimum wages and a salario at national median level. These have risen sharply and for the agricultural worker stand at 15% if all the children are in EPI; 19.5% if two are in EPI and one in EP2 and 34.7% if one is in EPI, one in EP2 and one in ES6. For an urban minimum wage earner the rates are 9.1, 11.7 and 20.8% and for a median salario recipient 2.7% 3.5% and 6.3%. Only in the last case does it appear possible for a household to finance education of more than one child at EP2 level. Admittedly the last minimum wage increases reduced the percentages in the first two (minimum wage) categories but the cost of the EPI - EP2 - ES6 spread of children would still be very burdensome.

Children of poor households suffer worst from present deficiencies. They are least able to afford texts. They are unlikely to be able to learn Portuguese at home or to receive help with lessons to bolster limited teaching. They certainly cannot afford tutors.

However, it is not clear that targeting children from the poorest 10% of households would be the best way forward. Retraining teachers, improving the first year, ensuring supply of tables/chairs, blackboards/chalk, paper/pencils and texts to be lent are basic - not waiving fees or

providing small subsidies. Until the urban primary system functions better children of poor households will be particularly disadvantaged within it.

Industry

Industry's relevance to reduction of absolute poverty lies in job creation generally and small, informal, labour-intensive enterprise employment in particular. Related roles include increasing production and lowering real cost of building materials (for housing) and of producing more consumer goods, agricultural inputs and construction materials for the rural familial sector which (if deliverable) will validate and make effective price incentives leading to reduction in rural absolute poverty and to better (and possibly lower real cost) urban food supplies.

What progress is being made on these fronts is somewhat obscure:

- a. industrial output is recovering fairly rapidly;
- b. the early 1988 deceleration of growth and a somewhat erratic performance by quarter and by product since has probably related primarily to import support allocation and disbursement delays;
- c. the stories of build-up of unsalable goods are exaggerated and where real (as perhaps in cigarettes and garments) relate as much to transport as to underlying demand problems;
- d. while still frequently weak, industrial sector enterprise profit and loss and cash flow viability is in general significantly better than in 1986 increasing the likelihood they can afford to retain existing and - if output growth continues - hire additional employees;
- e. over 1987 - 1990 redundancies and new hirings in the large and medium enterprise industrial sector may have been about in balance;
- f. small and informal sector enterprises have faced stiffer competition from imports and complain they have not had access to import support raw and intermediate goods as have larger enterprises;
- g. as the small and informal manufacturers are in general labour intensive and unskilled labour intensive in particular their decline - if it occurs - could increase absolute urban poverty;

- h. denationalisation of selected nearly defunct state enterprise units largely in after sale servicing and repair of imports has led to modest but heartening turnover, profit, tax and employment gains;
- i. import support funding of operating inputs (including spares) has been central to production recovery;
- j. while painfully slow in gaining momentum, the small industry loan wing of the urban reconstruction project is effective. However, as designed it can relate - with a few exceptions, e.g. shoeshiners association stock of polish, brushes, etc. and an ex-miners green zone production cooperative - primarily to ventures with 30 to 100 employers and \$50,000 to \$250,000 fixed capital. It can serve really small (1 to 10 employee) artisanal ("informal") enterprises only if they can act via groups able to review, present proposals and handle loan recovery and if it - and the banks - can simplify evaluation, documentation and disbursement

On that record no serious judgement is possible. Most trends and the use of most instruments seem to be moving in the right direction. But the net employment gains to date are at best marginal - in hundreds rather than thousands - and may be negative. However, with one caveat continuation of 1986-90 trends should yield more positive future employment results. The caveat relates to making concern for the small scale and informal sub-sectors (for whom and extension service is being created) effective in terms of access to production inputs. One desirable focus for expanding this sector would be in the Zonas Verdes particularly in small scale or co-operative food processing and garment making oriented to women in their employment policies.

Artisanal production - probably concentrated in food processing, tailoring/garment making, footwear making and repair, carpentry, metal working, small scale construction, vehicle repair - is weak in Mozambique compared to other African countries including its immediate SAUCC neighbours. Until 1975 this related to Portuguese small enterprise policy and to competition from Portuguese small enterprise craftsmen. Some accounts suggest an expansion to 1981 reversed by war and loss of demand as real wages declined. Whether there has been a recovery since 1986 is unclear - supplies of raw materials from the countryside (normally important to many artisanal enterprises) remain low and erratic for

security (or more accurately insecurity reasons) and wage earner purchasing power remains constricted.

More accurate or more detailed statements are not possible as no artisanal ("informal industrial") sector survey exists. Not merely are product composition, markets, number of proprietors - family workers - employees, typical incomes, main buyers, etc. unknown; so are constraints which might be loosened by policy reform. These include access to raw materials and to markets (e.g. by "fair price" shops or Co-ops), appropriate adult training on a part time basis, provision of technical services (e.g. bookkeeping), reduction of bureaucratic rules and fees (to the extent these are enforced or fear of their enforcement deters production), conceivably access to credit via neighbourhood or craft associations. The first priority action is - therefore - a survey designed to find out what is, what trends are and what constraints could be removed or reduced now.

Commerce

Commerce's basic ministerial urban poverty roles relate to food security and are discussed in the next section. However it also has had the role of providing the basic surveys used for urban absolute poverty mapping and should follow them up with 1991 surveys for Maputo, Tete, a peri-urban rural area, and Nampula.

The urban commercial sector is functional and relatively competitive. It does not constitute a major barrier to livelihood restoration and improvement of absolutely poor households as does its much weaker rural analogue.

Small scale (petty) commerce from stall and pavements is a rather small proportion of poor household livelihoods in urban Mozambique compared to most other Sub-Saharan African countries. Why is not entirely clear but one reason is that lack of rural security has severed or attenuated urban/rural links depriving the urban petty traders of farm products and also of artisanal production dependent on rural raw materials. There has however, been visible - if limited - expansion over 1989-90 which may relate to improved road access from some districts to Maputo.

C.

Food Security

Urban Food security's two main aspects are micro or household level and macro. The barriers to household level food security is almost totally financial in Maputo, dominantly so in Beira but sometimes includes substantial physical unavailability elements in other urban areas while the macro level is physical and institutional as well as financial.

The household financial access issues have already been addressed in the section on Prices/Incomes/Employment aspect of Urban poverty. Because the majority of cases turn on lack of salario incomes; inadequacy of the minimum wage over April 1988, February 1989; lack of a productive machamba and limited self-employment opportunities at levels of productivity or remuneration providing adequate primary and supplementary households incomes, the solutions must be sought primarily through reversing these conditions.

Targeted supplements or subsidies - as discussed in that section and in relation to health and education - are possible in respect to:

- a. orphans (existing programme)
- b. old age pensioners of modern sector (partial and expanding existing programme)
- c. disabled persons (partial existing programme with primary emphasis on war victims)
- d. primary school children (limited school feeding)
- e. hospital patients (proposed programme)
- f. malnourished young children - basically 18 months to four years (attempts in progress to define programme parameters and render operational)
- g. underweight pregnant women (as with "f" pilot work in progress)
- h. underweight infants of mothers experiencing lactation problems (small existing programme)

- i. enterprise workers with low wages and large household size (programme under implementation)

There are problems in defining certain categories (especially "f" and "g") in operational ways, routing food assistance (by grant or subsidy) to them and in identifying both financially manageable and nutritionally effective packages (because food supplements to one household member tend to be shared among all). Primary school children is an identifiable category with practicable delivery systems and mobilizable finance, but - because only one-third of the students are significantly undernourished or face serious nutritional risk - it is not very precisely targeted on malnutrition or poverty. Worker meals via works canteens are practicable and probably financeable but relate more to morale, incentives and productivity than to food security - and especially not to food security for young children and women in absolutely poor households.

Given Government financial constraints, there is negligible room for general food subsidies which would in practice be at the expense of employment creation, salary levels of (primarily low income) government employees, pension, or basic services (unless they were inefficient substitutes for targeted schemes). Nor, unless either present CIF costs, domestic transport costs or distribution costs can be reduced sharply do present abastecimento prices offer any significant leeway for reduction (indeed unmilled maize and the transport costs to Tete and Niassa, where war causes the highest and most abnormal transport costs because secure routes are circuitous, are still subsidised).

There is a potential for cross-subsidising unmilled maize or yellow maize predominantly consumed by poor households (negative income elasticity of demand) by prices above full cost (but well below current candonga levels) for rice and sugar which have high income elasticities of demand. A pilot programme of subsidised (by USAID) yellow maize is in operation but with ambiguous initial results.

There is also a potential especially outside Maputo and Beira for reducing food costs by increasing volumes actually available at abastecimento fair prices which even when fully cost covering and through private retailers are significantly below parallel market ones. For the same reason introduction of additional basic foods - e.g. bread, cassava - into the abastecimento network might (especially in the case of bread) substitute

fair prices for seller's market high prices, at least for those without access to bread at subsidised prices in their workplace.

Employment creation in economic or social infrastructure and productive capacity maintenance rehabilitation and expansion is government policy and should contribute to food security. Unfortunately to date it has been hampered by problems in project identification, procedure specification and - in particular - the 90% under-pledging of the food bank facility included in the 1988 Emergencia Appeal. (Similar approaches are relevant to rural food security.)

Physical availability problems have four main causes:

1. the impact of war and the (not unrelated) impossibility of sustaining colonial large scale and settler farm production on domestic marketed output which has for several years been of the order of 10% of commercial and emergency requirements;
2. donor failure to pledge, or to deliver fully and promptly on pledges, in respect to food aid requirements conservatively estimated at 900,000 tonnes in 1988/89 and exceeding 1,000,000 in 1989/90 and especially the large shortfalls in non-grain products including sugar;
3. logistical difficulties arising from war risk, war damage to and inadequate maintenance of transport infrastructure and vehicle fleets;
4. institutional weaknesses and rigidities of commercial food sector enterprises (both public and private).

The first is treated in the Rural Poverty - Incomes/Price/Production section. The second relates to more effective promotion of the Emergencia Appeal food targets stressing their conservative nature (in respect to a very strict definition of affected persons; optimistic assessment of self-provision levels for deslocados, afectados and the peri-urban rural category; and use of supplementary feeding norms assuming ready availability of 50% calories from other sources) and of the need to secure non-grain items notably vegetable oil, sugar and pulses to achieve a nutritionally balanced and humanly acceptable diet. Sugar in particular needs to be promoted since in the Mozambique context of energy deficiency, and at proposed levels of distribution, it is a nutritionally satisfactory and relatively cheap form of calories. Alternatively commercialised food

aid to meet urban commercial requirements could be 'sold' to donors separately, e.g. under a structural adjustment balance of payments support title.

Further, it is desirable to secure greater discipline on the part of donors in fulfilling pledges in a timeous manner and in setting and meeting delivery schedules compatible with Mozambican requirements and logistical capacity. While donor performance has improved on the first count, it remains grossly unsatisfactory in many cases on the second.

The third aspect is treated in the Rural Poverty - Public Services and Housing section because grouping inter-city and rural transport issues is more convenient than somewhat artificially separating them.

The fourth point is one currently addressed by World Bank projects relating to institutional capacity in the Ministry of Commerce and commercial and intra-city transport enterprises (public and private). It has also been addressed by the Ministry and Maputo abastecimento wholesale company by insisting that retailers increase customer flexibility in buying part (rather than the whole) of the monthly ration at one time, selecting among grain items, etc., and allowing retailers greater flexibility in selling stocks in the last days of the month at abastecimento prices but to any willing buyer and in ordering stocks from the wholesaler. The results of these changes is believed to have been positive but should be studied more systematically. A World Bank project addresses development of Maputo abastecimento wholesaler transport capacity by its own fleet and hired private haulers albeit consideration should also be given to creating incentives for retailers to take delivery at wholesale depots using or hiring their own transport.

Rural transport and commercial weaknesses interact with urban to the extent they prevent surplus producing areas - the Mueda Plateau and Northern Tete - are relatively isolated by war and/or bad roads (plus the disrepair of the port of Moicambo in the former case). Further, the private commercial networks are weak in both areas as is Agricon's capacity to move grain (and potatoes in Tete) from them using its own or hired vehicles. The results have been pile-ups near production and need to import to serve Ville de Tete and Pemba. Some progress was made in restoring routes and flows in 1990 but as rural surpluses rise the limits of present capacity to move them will be demonstrated repeatedly.

It remains urgent - and only proposed rather than scheduled - to act to bring the Beira abastecimento system's logistical capacity up to Maputo levels and to extend the system to two or three further major cities on a phased basis probably with priority to Nampula, Vila de Tete (plus Moatize) and Inhambane.

An aspect of food security which has received little attention is nutrient loss resulting from diseases related to impure water and inadequate sanitation. Such losses can be as great as 30%. The Ministry of Health's nutritional and epidemiological units lack the technical capacity to survey and analyse the situation (which is probably especially severe in Maputo but probably also affects at least Beira, Nampula, Quelimane and Inhambane) while the Water Department lacks the financial resources which it is now seeking to mobilise.

Food security - and more specifically targeted nutrition interventions - have suffered from a lack of coordination, designated lead ministry or coherent priority setting. The Nutrition Unit of Health and Food Security Department of Commerce have developed increasingly close coordination and cooperation, which is an important first step. However, targeted interventions have been independently designed and promoted by a number of ministries without reference to Health and Commerce. This is unlikely to result in optimal project design and may lead to less than optimal prioritisation even if individual projects adopted are of some value. For example, full scale primary school feeding projects could easily have a combined annual costs of the order of MT 6,500 million (for Maputo alone, perhaps MT 12,000 to 15,000 for all main urban centres) which would be a less than optimal allocation given that primary school students are not a category of person particularly malnourished or at nutritional risk (perhaps 33% fall in this category which is at or below the over-age incidence in the population of Maputo).

CHAPTER V.

RURAL ABSOLUTE POVERTY

A.

Prices, Income, Production

A majority of the absolutely poor are rural - indeed perhaps 90% counting peri-urban rural areas and over 80% even excluding them. Further, the proportion of rural households in absolute poverty is probably of the order of two-thirds versus one-third to at most one-half in urban and suburban areas.

Why therefore, have social dimensions and absolute poverty reduction discussion, proposals and measures - with the partial exceptions of health, education, agriculture and transport - tended to focus on the urban poor and within that group especially the urban poor of Maputo? This is not simply urban or capital bias as might be supposed at first glance but has several deeper factors:

1. the basic problems of rural areas flow primarily from security/war impact, secondarily from natural disasters, thirdly from economic constraints which are the consequences of the war and self-evidently not of PRE and fourthly from policies partly reversed in 1980 and substantially in 1983 (but without resources to reallocate);
2. nor can PRE policies have a substantial production or rural income impact on more than a narrow front without provision of inputs, transport and market access and enhanced deliveries of goods to buy to rural areas;
3. the widespread decentralisation of powers to provinces by leaving provincial level programming in Cidade do Maputo to central ministries creates a certain bias toward Maputo based on familiarity, ease of access and responsibility;
4. this is increased by security and travel considerations which make collecting data, running surveys, testing pilot projects and implementing programmes much easier in cities (and among them

especially Maputo) and in urban agricultural zones (Zonas Verdes) than in the countryside;

5. leading to a desire to get on with at least part of the job by starting with Maputo's one million, expanding to the three million total in cities and peri-urban rural areas and finally reaching the countryside proper when security (access) and data (from programme design) are more available;
6. and - perhaps most important - Mozambique mounts a very large programme specifically for the survival and rehabilitation of the rural absolutely poor people utilising (excluding its urban food security component) of the order of US\$ 250 million of foreign resources and a not inconsiderable volume of Mozambican institutional capacity. That programme is called Emergencia and clearly is larger by an order of magnitude than all actions specifically targeted to the urban absolutely poor. Emergencia because it has emerged primarily in response to the rural destruction of the war and the related constraints on national capacity to provide survival and rehabilitation support and because it is a quasi-autonomous structure involving Ministries and Provincial Governments, but in parallel to, rather than directly coordinated or included within national budgetary and planning processes, has not been perceived in the human condition, social dimensions, absolute poverty context.

To explain is not necessarily to advocate continuation of what has been explained. Emergencia should in fact have been seen within the human dimension frame including urban, overall ministerial programme and less severely affected familial sector household aspects. The case is five fold:

1. Emergencia at present represents the bulk of the resources which are available for rural poverty reduction/production enhancement;
2. it involves almost all Ministries and Provincial Governments in a way which is broadly coordinated in itself and could be broadened to cover other aspects of rural absolute poverty;

3. many Emergencia programmes are by their nature parts - and in some cases, e.g. secondary town and rural transport, very large parts - of comprehensive approaches to key rural sectors and constraints;
4. the rehabilitation (re-integration of households into production) aspects of Emergencia require increased emphasis and coherence of analysis both to attract less inadequate resource flows now and to become central when security and rural output improvement allows phasing down of the direct food aid and food aid logistics requirement;
5. while at the same time Emergencia rehabilitation and re-integration projects are directly relevant to similar issues in respect of less affected and stable rural households.

However, it may be desirable to narrow Emergencia to deal only with survival needs (including those of victims of natural calamities as well as war) for food, shelter and basic services and to logistical operations/institutions directly related to them. A new strategic programme - Rehabilitacao - would then be needed to cope with transport, land re-clearing, home construction, agricultural inputs and food to harvest needs of over 6,500,000 refugees, deslocados, afectados and households of demobilised combatants likely to need substantial assistance over the next five years. The programme would need at conceptual, coordination and fund mobilisation level to include basic service re-establishment, infrastructure reconstruction and market access promotion elements. The programmatic case for such a division is moderately strong - Emergencia's capacity does not lie primarily in rehabilitation and survival requirements are significantly different from those of livelihood rehabilitation. However, the resource mobilisation case is even stronger - funding up to \$ 250 million a year of resettlement and livelihood rehabilitation is unlikely to be possible from or through the emergency and disaster relief sections of aid agencies. For them the Mozambican emergency has already lasted longer than their time frame and should "run down" rapidly parallel to or soon after the war.

Rural absolute poverty probably changed little over 1985 to 1988. This is especially true if the improvements in nutrition resulting from the steady increase in the main (DPCCN) food aid free distribution channel flows from about 70,000 tonnes in 1986 to 80,000 in 1987 and nearly 200,000 in 1988 are set to one side as not reducing vulnerability nor creating a

sustainable base for remaining outside absolute poverty. There are rather mixed perceptions on the direction of change probably partly because levels and trends have varied widely from district to district and partly because post 1986 security and Emergencia logistics improvements have allowed more rural absolutely poor people to be reached (or to reach deslocado sites in Mozambique and refugees camps abroad), to be counted and to be both perceived to exist and (now that they can be served) become a priority call on available resources.

1989-90 probably saw significant though uneven gains. This is apparently particularly true of Tete Province. In general the causes have been improved security linked with good weather and, therefore, in districts where either was absent no improvement took place.

Rural absolutely poor people fall in the deslocados, afectados, peri-urban rural and less severely affected or stable familial sector. The first subgroup has minimal earned income. Neither is it to date significantly affected by PRE because they have no (next to no) produce to sell and negligible cash with which to buy. Afectados' position varies widely. A minority are successfully resettled notably in the Beira Corridor. The majority are either only nominally resettled (e.g. Inhambane and Quelimane with very limited crop production eked out by limited casual labour and craft production proceeds) or are in villages whose effective hectareage and stability have been gravely affected by insecurity.

Peri-urban rural populations have some income from household self-provisioning (optimistically estimated at 60% of minimum requirements or 40-50% of a household budget adequate to avert absolute poverty - or 50-60% if they can gather their own fuel). Some have remittance incomes (from employment of household members in South Africa or elsewhere in Mozambique - albeit the former is a rapidly diminishing source in terms of numbers of households supported). Others clearly do have "informal sector" incomes but the nature, stability and extent of these are largely unknown. However, it seems safe to estimate that for few can informal sector income exceed MT 5,000 - 6,00 a month or 12-15% of the amount needed for a barely above the absolute poverty line budget. Others live on assets built up from former employment in South Africa.

This group have in general been seriously adversely affected by PRE. They rarely have crops to sell and it would be very optimistic to assume that

their informal sector incomes have risen as fast as prices. Those with present rand remittances are an exception to the extent these are remitted at the official rate - the parallel market rate has risen less rapidly than prices over 1986-90. In short few except the 20-25,000 odd miner-headed households in this sector can reasonably be supposed to have benefited whereas 75,000-100,000 have probably been adversely affected to varying degrees and 25,000-50,000 left in about the same position.

The peri-urban sector as sketched above constitutes only half of the rural residents treated as purchasing food from Ministry of Commerce supervised system and therefore, usually categorised as peri-urban. In that case the other half (600,000 odd) are estate and large farm workers and their dependents.

If these households had on average one and one half agricultural minimum salaries and produced 60% of their own food (and gathered their own fuel) and were regularly able to buy the bulk of their remaining food requirements at official prices then they should be able to stay above the absolute poverty line with cash incomes of MT 18,000 a month and cash food bills of perhaps MT 6,000 for a family of eight at 1989 prices.

However, all these assumptions are highly problematic. An alternative set are one cash income per household, 25% of urban fuel expenses, 30% food self-sufficiency (even in the absence of security problems estates rarely provide or allow access to adequate land for full-scale familial production by an employee's wife), limited access to food at anything below informal local market prices. The cash income would then in 1989 have been MT 12,000 (MT 9,000 pre-October) and the food plus fuel bill in the region of MT 12,400-15,000 which implies a borderline position then and an absolute poverty one between April 1988 and February 1989. Some informal sector cash income may be earned by these households but not much so that necessary non-food cash expenditure must be met in large part out of the salario (or by pilferage from the employers).

The less affected and stable rural familial sector households nominally comprise slightly over half the rural population (including peri-urban rural). Their earned incomes come primarily from household self-provisioning (food, fuel, building materials/housing), secondarily from crop and livestock sales, tertiarily from remittances and least from non-farm employment or non-produce sales by farm residents. The first point to

make is that these households have a remarkable diverse set of income levels and trends related largely to locational (ecological, security, transport/market access) factors.

Between 1980 and 1986 estimated familial sector food production in constant value terms fell by 25%. However, the natural increase of 15% in their numbers was more than offset by their declining from - say - 90% to 55% of the rural population assuming dislocated and affected total rises represent more access and better data not a radical change in truly stable households. Assuming that they accounted for 80% of self-provisioning output in 1986 (15% by peri-urban, 5% by afectados and deslocados) that implies a per household food output ration of $.8 (.75) = .6$ divided by $1.15 (.55) = .6325$ or about 95%. If true this would suggest that less affected and stable rural households were - in respect to self-provisioning income - not radically worse off than in 1986 than in 1988. Unfortunately that assumption is clearly unsafe. The estimates are necessarily speculative even though based on a plausible model and appear to take less than adequate account of the decline in numbers of productive rural households. Taking account of partial dislocations (e.g. moves to Beira and Tete corridors) a more likely estimate of food output for own use fall would seem to be 20% per household over 1980-86.

Sale of crops by familial sector households fell (in constant price terms) about 80%. Adjusting as above for population changes and for 10% of commercialised output being from peri-urban cashew growing (or at any rate collection) gives a 72% per capita fall. In the absence of contrary evidence, a similar fall in incomes from livestock sales would appear to be a reasonable estimate. Artisanal fishing sales have almost certainly risen significantly for the relatively small number of households with access to fishable water, a canoe and a market (perhaps five to 10% of this sub-sector).

Remittance incomes had fallen (whether from urban and plantation Mozambique or from South Africa) in terms of number of households benefiting and - except for parallel market or goods remitted rand - in purchasing power per income.

Other non-farm cash incomes have probably fallen in real per household terms by 70 to 80% since both casual rural employment and non-agricultural

(including livestock and fish production) goods sold by familial sector households appear quite limited.

What this means for overall household incomes is unclear. If one assumes the total familial sector cash and self-provisioning income in 1980 was:

Self-provisioning	70% - 75%
Agricultural sales	10% - 15%
Remittances	10%
Other	5%

then in 1986 it would have declined about 35% below its 1980 per household real level.

However, it must immediately be noted that a) this is a plausible guesstimate consistent with what is known and no more and b) the changes varied sharply by locality and by make-up of initial household income. The Southern Provinces with higher shares of non-self provisioning income as well as Central Province severely war-affected districts in Tete, Sofala and Zambezia fared worse than average (except for Southern Provinces households still in receipt of a remittance from work in South Africa) while largely self-provisioning households in districts of Cabo Delgado and even those in Niassa with little direct war impact did better. And in some cases falls in sales may have been used to increase household food availability.

1986-90 changes are also speculative. 1986/1987 was probably below 1985/1986 because the security situation was worse during the planting/cultivating season. 1987/1988 and 1988/1989 should have been better because security and, on the whole, weather have improved. Commercialised crop results support this interpretation for many crops although not cashew nuts.

The admittedly highly speculative official statistical estimates show for the household self-provisioning segment a 10% decline in 1986/1987 followed by seven and one-half per cent increases in 1987/1988 and 1988.1989. For familial marketed output 1986/1987 shows a seven and one-half per cent negative volume change in 1985/1986 and 1987/1988 a 30% increase over 1986/1987. Excluding the special case of cashew the changes are minus 45% and plus 151%.

In 1990 there were further gains especially in areas such as parts of Northern Tete where both relatively good climatic conditions and improved security characterised 1988/89 and 1989/90. In Cabo Delgado improved transport, market access and service provision may have been more important since the main agricultural zone has never been severely war affected but was isolated and overlooked for several years prior to 1988.

Remittance incomes declined in real terms and the best stance on casual labour and non-food sales income is agnosticism. Given that price ratios changed in favour of farmers, it appears that the familial sector probably had small real purchasing/self-provisioning gains over mid 1987/early 1989 and may - even on a per capita basis now be about as badly off as in 1985/1986. However, cashew growers (because EEC support made goods available to buy with nut sales and thus created an incentive to collect nuts because a genuine market opportunity existed rocketing output from 29,100 tonnes in 1985/1986 to over 40,000 in each of the two subsequent campaigns) were clear gainers while there is little room for more than a no worse off conclusion on other familial sector stable or less affected households. Because of shifts in the security situation there were clearly numerous household and district losers and gainers.

Familial sector households in Portuguese African colonies were notoriously poor and ill-nourished (as indeed was Portugal's own metropolitan familial sector which also depended heavily on injections of migrant remittances). Over 1974/75 - 1980/81 there were probably self-provisioning gains but losses on cash sales (rapid deterioration of rural trading system only very partially restored) and on remittances (RSA reductions of migrant numbers). At best in 1980 the average familial household was slightly worse or about the same off as in 1973/4. Thus a 1989 estimate of 50% absolute poverty is conservative. The high typical malnutrition figures tend to bear out this contention just as their scatter supports the contention of very different levels and types of change from district to district.

Equally it is clear that PRE has had, and could have to date, a very limited effect on the incomes in real terms of these households. Cashew nut growers have responded because they could (trees were still there, nuts could be collected by day) and because additional goods supplies gave reality to the otherwise theoretical incentive of a higher grower price.

Most other rural households have not been so well situated albeit some maize growers in Cabo Delgado, Niassa, Nampula, Zambezia, Tete and Manica clearly were able to produce and sell more and presumably had access to goods to buy with the proceeds. Similarly transport availability and security over 1989/90 benefited some growers in Gaza and Inhambane provinces. But one is talking of small totals - e.g. in 1989 - 19,000 tonnes more maize worth at grower prices about \$1.9 million in a sector comprising 800,000 odd households.

The present barriers to recovery by this sector and especially its absolutely poor households are easy to sketch:

1. lack of seeds, tools, livestock, household equipment or money to buy them (even when actually available) by many (most?) absolutely poor households in the familial sector and the lack of a parallel to or extension in coverage of Emergencia's deslocado/afectado economic rehabilitation programme to cover them;
2. lack of market access because of deteriorated or destroyed transport infrastructure and vehicle (including small and cabotage vessel) fleets limiting not only familial household access to small towns but equally movement from many of these to larger towns and provincial capitals. Again Emergencia is tackling this gap in logistical and infrastructural components basically designed to get grain to deslocados and afectados. These do serve some stable familial sector households if they are near or en route to deslocado and afectado concentrations. But without integration into a national rural and small town transport programme it can hardly be a coherent or complete approach to this sector's transport constraint;
3. lack of access to a well-articulated network of buyers has been a problem since the Portuguese exodus albeit recent improvements in security and post 1983 liberalisation of authorised buyers may now be improving this slowly;
4. lack of access to physical inputs plus research and extension is a continuing problem. Services to the sector familial (with a few localised or personalised exceptions) had little place in Portuguese policy (albeit the rural trading net did stock some inputs). The initial Mozambican emphasis on saving the large and medium scale

enterprise/commercial far sub-sector de facto continued this sector familial blind approach. Communal production villages were unpopular and in theory diverted resources from the sector familial but were so thin on the ground and so little supported as to suggest very little actual impact. Policy shifts since 1980 and especially 1983 have had nearly negligible results because of the direct effects of war and its erosion of foreign exchange and fiscal resources. Further donor controlled as well as funded large scale, low coverage enclaves have engrossed most resource flows at the same time that they generated them. The opportunity cost of concentration of resources into even the less unsatisfactory of these - e.g. MONAP - may be high and the marginalisation of national field and strategic level personnel has been gravely decapacitating, but many of the resources were not fungible so to date the loss is more in terms of lost opportunities than of actual damage. Emergencia's experience - beyond seed and hand-tools - is limited and has encountered resource mobilisation problems. Research and extension - given the always weak familial sector data base and Agriculture's inability to update let alone expand it since Independence - probably needs a household survey (if only in selected districts) to articulate priority problems and themes;

5. lack of goods to buy (inputs, consumer goods, building materials) make price incentives meaningless in many districts. The EEC cashew nut and hopefully its Mueda Plateau grain projects which include such goods as well as inputs, buyers and transport show that if this element is provided initial results can be achieved rapidly for some crops in some districts; Emergencia by its nature does not provide experience or a base in this segment of agricultural rehabilitation;
6. lack of adequate prices was an increasing problem over 1980-86. Because the Portuguese buying/trading network did exploit, until 1980 post independence grower prices may have been adequate. 1987/89 ones appear reasonable relative to retail and border prices but on present data this cannot be asserted too confidently on a crop by crop or district by district basis. Further, the transport and marketing cost margins used in border price calculations are alarmingly high even in cases in which security does not appear to be the main cause. In any case until the other five problems are tackled to some effect price changed alone (which on World Bank evidence explain only about 10% of

differential agricultural production growth in Africa) cannot be expected to result in rapid output/income increases.

There are relatively few ways of targeting absolutely poor familial sector households for additional support toward generating more earned income other than those relevant to the sector as a whole. Two are possible:

1. initial free seeds, tools, basic household equipment and some food for the pre-harvest period should be supplied (analogous to Emergencia);
2. labour intensive, seasonal rural rehabilitation of infrastructure projects financed by monetisation of food aid could augment cash incomes until other sources were restored and the participants would be self selectedly from poor households. Unfortunately labour poor, female-headed households would not be able to benefit equally and might not benefit at all unless a project condition was that 50% of those employed had to be women if there were enough female applicants. (Repairing roads or buildings or clinics or landing stages or digging wells may not traditionally be women's work but it is inherently no harder than many tasks familial sector women and girls perform regularly).

However, to look at production enhancement enabling measures on the basis of whether they are specifically beneficial to (let alone limited to) absolutely poor households is probably a poor overall strategy. The sector familial is almost all poor even if perhaps only half absolutely poor. Its needs are not sharply differentiated along that income level line nor would most programmes be, with the partial exception of the two cited above.

The basic requirement for serious struggle against absolute poverty is not to devise programmes only for absolutely poor households. Rather it is to ensure that they (and especially female headed households) are visible to programme articulators and operators and are represented in participation (especially in design) so that they do share in/have access to services, markets and benefits rather than being overlooked while the not so poor and less poor benefit.

B.

Public Services and Housing

Rural poverty has been significantly affected by the deterioration of rural service quality and coverage since 1981. This is true of its social dimensions, future prospects and to some extent present output levels (the sick cannot work and require healthy person time to tend them, time spent watering because rural improved well/stand-pipe coverage is about 13% cannot be used to grow crops).

The cause of this negative trend - which reverses a very substantial achievement in these fields over 1976-81 - is obvious: war and war-caused budgetary and foreign exchange constraints. PRE to date may not have had a significant negative effect albeit reports of class and even school closings because of Provincial Budgetary constraints are alarming. What PRE will do - unless substantial external recurrent as well as rehabilitation finance can be mobilised from external sources on grant or near grant terms - is to prevent restoration of either coverage or quality (except for projects covered in Emergencia) let alone progress toward full coverage.

Cost recovery in its traditional cash fee form - except perhaps for some aspects of rural water - cannot play a significant role in service restoration either for absolutely poor households (about two thirds) or the rural areas as a whole. Too few people can afford to pay even minimal amounts until they can restore both household self-provisioning production and cash incomes. De facto if not always formally this seems to have been recognised for the familial sector as well as deslocados and afectados although it is less clear in respect of the peri-urban rural sector some of whose households probably can afford to pay as much as the urban not so poor as indeed can limited number of sector familial households with crops to sell and buyers to whom to sell them.

The following sectoral situation and problem notes exclude general institutional issues covered in the parallel urban section. It is shorter than that section because issues crossing the rural/urban divide have been dealt with there and are not repeated here.

Health

The medium term problem is one of coverage. About 1,120 primary health care units (urban and rural) now exist versus perhaps 350-400 urban and 2,000 to 2,500 rural needed for complete coverage. Because of armed bandit priority target of health facilities the number of inhabitants per facility has been rising since 1983 and the recent budgetary constraints (and low donor support) have meant that from 1986 through 1988 on primary unit rebuilding and rehabilitation fell behind armed bandit destruction though this has been reversed largely because bandit facility destruction rates have fallen by over 80%.

In terms of total health contacts (consultations, MCH visits, immunizations) at least a trebling of present numbers would appear needed for one to assume attainment of minimum adequate coverage. This implies at least a doubling of medical professionals and substantial increases in pharmaceuticals, other supplies, vehicles and spares (plus fuel) and maintenance funding.

Present rural health coverage is perhaps 50%. It is higher in the peri urban, deslocado and afectado sub-sectors and - ironically - apparently lower in the less affected and stable familial sector. The reason for this paradox is the greater ease and security of access to peri urban residents, deslocados and afectados huddled near towns and in the latter two cases some Emergencia and related technical assistance funding. That said, Health has the broadest rural presence of any Ministry.

The medium term problem is financial (and secondarily professional personnel training) and therefore any answer - as at national level - turns on resource mobilisation. In the interim the immediate challenge is service restoration in areas of partial security of at least minimal coverage.

Here security and financial constraints point in the same direction. Mobile clinics form secure towns plus satellite posts with a single room, almost no equipment or drug stocks but with regular (or daily) visits by professional staff with drugs and equipment appear from limited experiments to be a viable option. They minimise immediate costs and the presentation of "attractive" targets for the armed bandits.

Resource utilisation efficiency is a critical in rural as in urban areas. So are better information flows and in particular the development of a drug and supply stock, flow, use, wastage, inappropriate use and unmet demand identifying reporting system.

Water/Sanitation

Because of lower population density, health (and nutrition) risks for improper sanitation and impure water supply may be less in sector familial than in canisa, suburban and peri-urban rural areas. Little is known of present conditions: latrine use is probably down on its early 1980s high of 40%. Improved/pure water coverage within 500 metres has been raised but only to 13% of rural residents. This gain seems to relate largely to an ill coordinated set of projects under the Emergencia rubric. Natural pure water sources may raise this over 25%. In many areas long walks (one way with heavy loads) are necessary (and a heavy burden on women's and girl's time) to secure even limited supplies of impure water.

Emergencia's experience on water is mixed but suggests that donor support for both pump fitted shallow well construction and borehole drilling probably could be secured to raise the numbers newly served annually from its present 400,000 odd level to 1,000,000. But to remain operational and to remain within its budget (at any likely level) Water (including the Provincial Directorate) would need to devise, test and apply schemes to involve community water user groups in design (e.g. of surrounds, drains, access to different group of users including where necessary livestock), construction inputs including but not limited to unskilled labour, actual operation and minor maintenance and collections from the community funds to meet a portion of Water Department maintenance, repair and spare parts bills when called in (as should happen about once in 18-24 months on a borehole).

Education

Like Health, Education has seen its rural coverage - both as to undestroyed classrooms and enrollment at primary level - decline. From 1984 onward war-damage to schools and inaccessibility of many pupils have reversed progress toward full primary education cover. In some provinces rural enrollment fell by over 50% between 1981 and 1986-88.

The initial 1988 national education model posited constant national primary enrollment to the mid-1990s based on recent past trends. However, that would (as was not realised) imply continuing rapid rises in urban and rapid declines in rural enrollment. Such a result would not be consistent with rural rehabilitation and recovery - nor with stated governmental priorities. Therefore, thinking out strategic revision (perhaps involving static urban and rising rural enrollments) is in progress.

The financial obstacles to re-expansion are probably even more severe than in Health as, to date, most donors have been notably unwilling to participate in recurrent costs, though in respect to counterpart funds some breakthroughs have been made. Fees - as noted in the parallel urban poverty section - are a severe burden on poor household incomes (especially given typical familial household cash income), virtually barring access beyond year five or at the point recourse to a boarding facility is necessary because no establishment is within walking distance.

The textbook shortage and inadequate knowledge of the language of instruction noted in respect to urban areas are even greater in rural. However in rural primary schools using the local home language as the medium of instructions for two years while teaching Portuguese for use thereafter might be a practical way forward as it is not in multilingual urban areas. The multiple shift constraint on learning effectiveness is less in rural schools with triple sessions virtually absent.

Housing

Rural housing is in general inadequate as to space and quality albeit this varies sharply from area to area and the average standard is probably not worse than - and the crowding less bad than - in low-income canisa housing. Exceptions exist in areas of severe war-stress where several households are crammed into one surviving house or households camp out at night for safety reasons.

Costs are lower because most materials and constructions are gathered and carried out by the householders, sometimes on a community mutual co-operation basis. Therefore, the possibility of and need for direct intervention including job creation appears low. The variety of standards and of uses of the same basic materials suggest that research into improved

traditional designs and use of traditional materials would be desirable but this hardly seems an immediate priority.

Energy

Most rural households are self-fuelling. The cost of fuel is time of collection which may or may not be a heavy burden on women's time budgets/workloads (and thus on ability to produce food, care for the sick, or collect water). If the household is in a relatively densely settled area with tree and bush areas over a mile away, but not otherwise, a real problem does exist exacerbating the weakness of labour scarce (usually female-headed) households.

For the peri-urban sub-sector and for most deslocados and - probably - afectados the situation is worse. In the first instance fuel is certain to be hard to collect and may need to be purchased at urban prices. In the second and third cases purchase is hardly possible and where collection is difficult limitations on ability to cook properly are likely.

The most promising approach to this aspect of poverty also offers an opportunity to raise rural cash incomes including those of absolutely-poor households. It is promotion of household and/or small co-operative, community or household wood lots of fast-growing trees appropriate to the locality first to provide an accessible own or local use source of fuel-wood and building poles and second to provide a secondary source of cash income through sales to town and cities. The co-op route might also be appropriate for small, technically efficient kilns for conversion of fuel-wood to charcoal which is a preferred urban fuel and more cost-efficient to transport.

A sole focus on energy (fuel) may not be appropriate in all cases. Successful household or small community level agro-forestry (silviculture) usually requires a mix of trees providing fuel, building materials, fodder, household food and food for sale. Which are appropriate depends both on household needs and past patterns of production and on knowledge of technical possibilities - e.g. for new varieties which have been locally tested, for provision of seeds or seedlings, for care to maturity. Seeking to impose single tree, single purpose wood lots as a complete strategy in all cases (rather than to offer support for it as a component in some) is a standard error in many SSA reforestation and wood fuel programmes -

especially where these have turned on massive plantations in ecologically dubious zones (e.g. near Maputo).

Transport

The crucial negative impact of transport gaps on rural poverty and the absence of any coherent rural transport policy (beyond the piece in Emergencia for facilitate inward movement of relief supplies) has been cited in the previous section.

The problems to identifying such a strategy include:

- a. limited analysed and systematised data on intra-city through rural road conditions (with special reference to bridges) and repair costs;
- b. an overlay map (or analogue) relating rural roads to present and potential agricultural production to identify economic priorities among such roads;
- c. an estimation of the current operational and repairable lorry fleet by size, location, ownership and uses (e.g. intro-urban, sub/peri-urban, inter-city long distance, international, urban to rural and intro-rural) and an analogue for lorries;
- d. from a-b-c- an estimate of priority route and fleet restoration costs which by another "overlay" with Emergencia could be used to identify remaining priority projects for which finance needed to be mobilised;
- e. a parallel exercise in respect to small and medium (down to third grade) ports which can provide access to about a third of the rural population when combined with fairly short road trips. Again infrastructure (landing stages, cranes, godowns rehabilitation or rebuilding) and floating stock (cabotage and passenger vessels plus artisanal sailing and rowing craft) requirements, stocks, cost of gap closing and coverage in Emergencia require assessment to set out the balance of the priority programme which might also include provisioning Tete and restoring access to Zambezi River familial communities by Chinde-Tete small barge service.

f. rebuilding the local level, largely private rural commercial network of produce buyers, transporters, input and consumer goods suppliers needed to link rural households with main towns and commercial channels.

Rural transport costs are too high - worsening effective terms of trade by reducing rural selling and increasing rural buying prices. Part of this is security caused, part by poor infrastructure conditions which increase vehicle wear and tear and some by limited lorry fleet (and cabotage passenger lack of alternative ways to many destinations) allowing very high private sector prices - perhaps two times official public sector company ones. Seeking to cut costs by order will not work and doing so by petrol or spares subsidies would be fiscally unattainable. In the public sector better vehicle control and more intensive use (reduction of down and waiting time) could reduce costs but needs a myriad of small steps (including staff retraining) over two to three years to achieve. However, infrastructure restoration and fleet (of lorries and vessels) expansions might well cause increases in rural and inter-city connecting route transport costs to rise less rapidly than inflation or grower prices.

Agriculture

Because the key to rural absolute poverty reduction, rural food self-sufficiency and national percentage of urban provisioning from domestic sources plus restoration of exports and of domestic manufacturing and processing agricultural raw material sources is raising rural - and probably familial sector in particular - production Agriculture is a key Ministry.

Unfortunately - as sketched in the previous section - it has been unable to have effective access to many rural areas for at least five years and has never had an adequate data base especially in respect to the familial sector. Further, many large scale rural schemes have become increasingly donor driven and operated, marginalising ministry activities while the activities of empresas and the cotton and cashew authorities have not been coordinated into any overall strategic frame.

As a result the main analytical and operational roles of the Ministry (as opposed to Agricom, the two authorities, and a few productive empresas) have actually been urban or suburban, i.e. Zonas Verdes. While understandable, this does not contribute either to the understanding of

familial (or small commercial) sector parameters, problems, and possibilities or toward treating Emergencia's farm household income rehabilitation components as a building block form which to adapt and extend to the familial sector.

Priority District Programme

The Priority District Programme is independent Mozambique's first articulated, phased strategic initiative toward creating an expanding dynamic of increases in production by and services to the sector familial. Of necessity - given personnel, resources and physical access - it would start in a limited number of districts with an early (say year 3) target of the 40 districts with over half the rural population and the best prospects for short term results and a longer term (say year 8) of reaching all districts.

Because infrastructure - services - production expansion need to grow in parallel for any to be attainable, or at least sustainable, coordinated action is envisaged. Because history with enclave, donor run projects is bad neither parallel government multi purpose institutions nor large numbers of foreign personnel at strategic planning or local operational level are envisaged. Because both contextual divergence and sector familial participation in design and monitoring require it, decentralisation is seen as crucial. Because District level personnel are thin on the ground (perhaps 150-250 per District on average) and few are highly trained, operational coordination and provision of technical services would need to be Provincially based.

For a series of programme inputs to be focussed on the same districts with linked times frames and sequences and for them also to be decentralised requires coordination from District, through Provincial to National level albeit preferably primarily by working parties of senior operational unit personnel serviced by small Planning Directorate Secretariats provincially and nationally. A check list of programmatic components (based on district level surveys and a subsequent conceptualization Working Party study) includes:

- a. timely access to agricultural inputs and tools;

- b. strengthened access to commercial units (private or public) which are able to buy, sell and transport;
- c. enhanced agricultural extension services more closely related to sector familial needs and capacities;
- d. restoration and extension of access to primary and adult education, accessible pure water supplies and primary health programming (APEs, MCH clinics, immunization, posto and centro basic curative);
- e. rebuilding or repair of basic rural infrastructure for transport, basic services and administration (including staff housing);
- f. development of secondary income possibilities, not least use of labour intensive, seasonal techniques hiring sector familial members to carry out the infrastructure work;
- g. flexible attention to localities or household groups (notable female headed households) with special requirements.

Refining PDP to a form which is implementable, technically sound and financeable without narrowing it into a string of high cost per household benefited, limited access, enclave projects or dissipating it into a handful of uncoordinated, parallel programmes in different sets of districts has - over 1989/90 - proven distinctly difficult. Further delay will gravely prejudice the possibility of major breakthroughs against rural absolute poverty in the first half on the 1990s.

Rehabilitation - Agricultural Aspects

Rehabilitacao has already been sketched above. Its agricultural aspects would need to centre on timely provision of tools (to clear long abandoned fields and rebuild destroyed hoes as well as to plant and till), inputs (especially seeds) and food until harvest (9 to 18 months after return depending on timing of return and amount of clearing required). Extension would, at that stage, probably be less crucial than in the PDP because these will largely be literally returnees - to own districts, homes, farms and previously functional (at least to ensure survival) techniques of production.

As with the PDP a seasonal, labour intensive rural infrastructure restoration programme would be desirable both to meet basic infrastructure (not least for transport) needs and to provide initial cash income to the households. However, land clearing and home rebuilding will place burdens on returnee's time even outside peak crop labour requirement periods so that how much employment could be taken up is not clear.

Rural Poverty - Food Security

The rural food security crisis has three distinct aspects: physical availability, macro financial availability and household access through production or purchase. All are distinctly unsatisfactory and vulnerable to localised or broader breakdowns which, unless speedily corrected, would lead to direct famine deaths (as opposed to high death rates from diseases related to, or fatal because of, the presence of malnutrition). In fact what is surprising is that famine (except in respect to those enslaved by the bandidos armados or in totally isolated areas) has been averted since 1983 by the combined efforts of the Government of Mozambique, the international community and - especially - the Mozambique sector familial.

Rural food supply as of 1988 appears to have been 60 to 70% familial sector self-provisioning (including partial self-provisioning by some deslocados, almost all afectados and most peri-urban rural households), 30% by Emergencia free distribution and perhaps five to 10% by commercial sales (largely in peri urban areas). It is necessary to bear in mind that the aggregate supply is not over 70% of the minimum desirable level of calorific intake so that the ratio of self provisioning to need is under 50%. Without massive food injections there would be widespread deaths consequential on starvation.

The physical access constraints on the household sector share of supply relate primarily to the war and its consequences:

1. physical insecurity of many rural areas (especially at night);
2. the consequential creation of an artificial land shortage limiting production by at least half the rural population;
3. the forced flight of some 6 million people into deslocados, afectado and peri-urban rural settlements virtually none of which have adequate safe land access to be fully self-provisioning;

4. lack of adequate resources for rehabilitation and reintegration of dislocated, severely affected and even less severely affected into production (in the physical as well as macro and household financial senses);
5. radical destruction and/or deterioration of rural infrastructure.

Those confronting the Emergencia component have also been war-related but turn on logistics:

1. destruction of infrastructure and vehicles reducing transport capacity;
2. compounded by non-maintenance or replacement of other segments of transport infrastructure and fleets as a result of financial, fiscal and foreign exchange scarcity resulting from the macro economic damage done by the war;
3. limited public or private sector institutional capacity, on the part both of Mozambique and external partners;
4. cooperating partner failure to provide even objectively estimated minimal requirements to sustain logistics capacity in 1989 and 1990.

The commercial supplies to peri-urban rural areas are in most cases relatively physically secure but some are at risk to breakdowns of transport to the towns supplying them (e.g. at Vila de Tete - Moatize, Lichinga).

The risk to macro financial availability affects all non-familial supplies to rural areas. It arises because 90% (dividing the domestic marketed production pro rata between urban and rural supply) of all food supplied free to, or marketed in, rural areas has to be imported and given the foreign exchange constraints has to be made available to Mozambique as food aid. Since 1985 this risk had been decreasing with increased external source understanding of Mozambique's needs but it would increase rapidly when external support faltered in the early 1990 and was only belatedly restored at the end of the year.

Rural household food security turns in part on production for most households, virtually all except deslocados. For perhaps half the rural population it is 100%, for another third 30% to 75% and for a sixth under

30% and in these cases usually under 10%. The constraints on household production have been discussed above in relation to rural incomes.

The financial access constraints for deslocados and afectados are limited as they buy very little food - their household access insecurity is a straight reflection of the physical and macro financial access aspects outlined above. For peri-urban commercial food buyers, financial access turns on present (or past) cash incomes and their movement relative to food prices. These, like ability to produce, vary very widely from season to season, locality to locality and year to year. In part these are normal crop year and climatic patterns but in most cases these are overshadowed by security (war) related factors. As a result severe rural malnutrition (a negative index of food insecurity) ranges from under 5% (a few stable areas, well supplied transit camps, well established resettlement areas) to over 60% (newly arrived/burnt out/escaped deslocados), nominally stable familial sector households in areas either newly freed from periods of isolation.

Responses

The responses to the overall physical and household income access security issues turn on reviving food production and rehabilitating rural households in a process of restoring their productive capacity as discussed in the two previous sections. A secondary consideration - which can however be large in adverse weather years especially in the three Southern provinces and parts of Tete and Nampula - is crop failure related to drought, flood typhoon, ill-distributed rainfall or excess heat at certain points in the growing cycle. This, however, requires the same Emergencia plus Rehabilitacao type response as the war situation but on a smaller, less general and shorter duration basis (i.e. the issues which confronted the pre-Emergencia Provincial Calamities Commissions).

Macro financial security can in the longer term only be secured by restoring domestic self-provisioning capacity first at district and then at provincial, zonal and national levels supplemented by export recovery to make at least modest commercial imports possible. In the short run it depends on sustaining not merely the recent past levels of food aid at around 500,000 tonnes a years, but also raising the level to nearer the 1,000,000 tonne (perhaps 600-650,000 rural directed) level now needed for actual national food security at barely acceptable nutritional levels.

Over 1991-92 domestic production gains can hardly reduce that requirement to under 900,000 tonnes a year. 1990-91 is, at best, likely to be a mediocre crop year. Rapid improvements in security, if they occur as hoped, will result in the return of up to 500,000 refugees (over the two years) most of whom will require food support for 9 to 18 months while they clear long abandoned fields and bring a crop to harvest while a similar lag will occur before most afectados and deslocados returning home can regain substantial output levels.

Physical availability for aid and commercial food supplies in rural areas turns on military security, transport infrastructure, vehicle fleet and institutional capacity rehabilitation and expansion. Inputs into these programmes, except for military security, do appear in Emergencia appeals but have in general been notably underfunded with respect to all items except short term logistical support (fuel, spares) and to a lesser extent vehicles and with minor port and - at least until 1988 - cabotage fleet restructuring notably ill-supported.

CHAPTER VI.

POLICY IMPLICATIONS: MACRO

A.

The purpose of poverty and human condition mapping cannot be primarily academic - the need to know more is primarily to allow action to be informed by knowledge. Nor, in the context of human condition crises as severe and absolute poverty levels as high as in Mozambique, can all action be suspended until optimal data collection, interpretation and analysis is achieved.

In fact, the present state of knowledge does identify a set of policy implications and priorities, only one of which is collecting, analysing, interpreting and coordinating more data. Some of the policy implications are general, others relate to specific sectors and/or ministries.

Enabling Higher Production And Incomes

The role of earned income in avoiding or escaping from absolute poverty at the household level is central. In urban areas (and, with the return of security, in rural areas as well) probably 85 to 90% of households could earn incomes above the minimum necessary to avoid absolute poverty were employment and reasonably productive self-employment opportunities open to them. Therefore, increasing levels and productivity of employment/self-employment and ensuring that - especially for low income groups - it is fairly remunerated, is central to any serious strategy for reducing absolute poverty in Mozambique.

Policy implications of special significance from a human dimension aspect include:

1. Minimum wage setting to defend real purchasing power in terms of basic consumer goods (and especially food). Failure to achieve this between the April 1, 1988 basic food price doubling and the payment of the minimum wage increases promulgated at the end of October 1988 very substantially increased urban absolute poverty and may have virtually doubled it.

2. Similar defence of real producer prices for agricultural commodities in the basic food, industrial input and export categories so that the familial sector can meet its basic needs for inputs, consumer goods and foods (e.g. sugar) it cannot produce and services. Not inconsequentially this is also necessary for industrial sector demand expansion and thus for growth in urban wage employment.
3. Expansion of employment/self-employment levels both through policies leading to macroeconomic expansion and more selective measures. Building and infrastructural rehabilitation should be organised on a labour intensive basis (as has not been true in Mozambique, and especially urban Mozambique, over the past four decades). Where feasible, economically and socially viable projects of this kind should be organised so as to provide supplementary urban and seasonal rural employment (as, for example, in Ghana's PAMSCAD and several ILO pilot projects in Sub-Saharan Africa).
4. Agricultural output and commercialisation capacity (including access to inputs, to transport, to buyers and to goods to purchase plus extension services as well as to security and remunerative nominal prices) must be increased. This is essential to increase household and national food self-sufficiency and to expand both the market for urban sector production and the levels of export earnings. Action needed includes raising access to and productivity of Zonas Verdes and other peri-urban machambas to supplement low-income household direct food suppliers and/or cash earning for urban - especially female headed - households.
5. Basic service access is of direct relevance to raising earned income. Health (especially but not only preventative) services and pure water reduce sick time and increase ability to work hard while education increases average and individual productivity - albeit except for adult education with a time lag between investment and output.

Related to the general earned income expansion imperative is the shorter term one of managing emergencia and rehabilitation programmes to maximise opportunities for low-income households to increase their earned incomes:

1. rehabilitation related temporary and seasonal jobs;

2. access to machambas for urban households with a bias in favour of allocation to low-income households (especially female headed ones without a salario) and of increasing productivity on the one-half to two-thirds now classed as "non-productive" (less than 150 kg of grain per year).
3. Using aid raw material supplies and government contracts to increase productive capability and market access of labour intensive, small-scale service (e.g. repair) and manufacturing enterprises.

A parallel role in social condition improvement and absolute poverty reduction is in provision of basic services (especially primary health care, primary-technical-adult education, pure water, familial and small enterprise extension services) which are physically available, adequate in quality and accessible in cost to poor households. This requires:

1. extension of coverage to provincial capitals other towns and secure rural areas to bring them closer to the coverage and quality levels of Maputo;
2. rehabilitation of services in less secure and newly secured rural zones to restore the interrupted 1977-81 dynamics toward full national accessibility;
3. improving managerial and cost-efficiency to lower unit costs and facilitate quantity expansion and quality bettering;
4. mobilisation of resources from the Government budget, external assistance and users to finance expansion and coordinate their use to create efficient, unified resource allocation;
5. avoidance of serious deterrence, administration and low revenue out-turn problems with fees by first consolidating present systems and studying their impact on poor household access to services before introducing new charges or sharp increases in rates of present ones. (This is especially crucial because some existing medical and educational charges already limit access to basic services by poor households);
6. experimentation with user group operated contribution to service operation, maintenance and capital costs especially where alternative

sources in fact cost more and are used (e.g. in respect to stand-pipe water supply).

A supporting and facilitating role needs to be played by infrastructure rehabilitation and development:

1. attention to rural transport infrastructure and services which make possible familial sector access to markets (including roads and lorries but also secondary and tertiary ports and cabotage, small private and river marine fleets);
2. development of an overall housing policy including concrete city rehabilitation for upper and middle income groups, site and service schemes for lower middle income households and canisa upgrading (analogous to Lusaka township programmes) and extension for low income. Related work on lowering material costs and increasing their accessibility to the informal sector is likely - as elsewhere in Sub-Saharan Africa - to be the main way in which poor households can improve their shelter conditions;
3. moving from pilot (and Maputo) projects to wide introduction of lower cost (coal, kerosene) fuels to replace fuel-wood/charcoal combined with study of how small scale wood growing could be integrated into low income familial household production to augment their incomes and sustainable fuel-wood and pole (for building) supplies.

While necessarily secondary given resource constraints, a clear role exists for selective assistance to absolutely poor households who cannot raise their incomes. Most of these, at least in urban areas, are structurally absolutely poor (and/or war victims) who were absolutely poor before PRE but their human condition requires ameliorative action whenever and however they were plunged into absolute poverty. The rural households locked in absolute poverty are primarily war victims - whether the livelihoods of many of the female, aged or crippled person headed can be rebuilt to above the absolute poverty line is less than clear. Examples of selective assistance include:

1. the life saving aspects of Emergencia which are crucial until security and rehabilitation allow restoration of familial sector food production

(a requirement and programme necessarily and appropriately larger than all other direct income support measures combined);

2. between near total dependency under Emergencia (or refugee programmes abroad) and utilising enabling measures and services lies a gulf which most war pauperised households cannot cross without an intermediate Rehabilitacao Programme to assist their return, land clearing, home rebuilding, crop planting/livestock herd restarting and food needs until harvest.
3. because security is central to absolute poverty in much of Mozambique and because the Emergencia Programme is the main channel for war damage to human lives limitation by social and economic action Development, Rehabilitacao and Emergencia policies and programmes should be coordinated and designed to be mutually supportive;
4. given the necessarily high short and medium term dependence on external resources it is imperative that these be used within national frameworks in respect to absolute poverty reduction as well as other goals and social as well as other dimensions. To do so clearer ministerial, provincial, district and programmatic total resource supplies and user accounts need to be prepared to allow total real resource levels and trends by key sub-sector, goal or input to be measured and analysed which at present is almost impossible for social sector recurrent expenditure.

B.

Coordination And Integration

If absolute poverty is seen as a major structural imbalance and its reduction as a strategic priority, then struggling against it cannot be relegated to a few peripheral projects - nor even to one or two large programmes isolated from the rest of the budgetary and public process:

- a. small projects will not accomplish much given the scope of the challenge;
- b. isolated programmes are unsuitable except for emergency survival activities (and even there, their isolation limits them) because enabling poor households to produce more and creating a capacitating

climate of services, infrastructure and market access to support that enabling inherently includes tasks which are (or ought to be) part of the work of every Ministry, Province and District;

- c. thus an isolated programme will fail either for lack of adequate support by other governmental institutions or by trying to duplicate and oust them from their functions in respect of absolutely poor people;
- d. the latter is particularly inappropriate because - with some significant exceptions - the main requirement is not creating programmes for absolutely poor households, excluding all others, but to ensure that absolutely poor households do have access to basic services, to infrastructure, to markets, to inputs necessary to increase productivity.

Therefore, if the struggle to reduce absolute poverty is to be won, then it must be understood and waged by each Ministry, Province and District. In other words the principles outlined in this paper need to be understood, used in formulating policies and programmes and acted on throughout the public service if they are to be real guide-lines toward development and not yet another forgotten essay on planning and development concepts with little relationship to actual practice.

Integration of the struggle to reduce absolute poverty into the normal governmental working process is a condition for real success. For example, ensuring that urban rehabilitation, services like refuse collection and rural works are organised on a labour intensive basis and that there is effective access to such jobs for women; checking that proposed service fee or input charge levels do not exclude absolutely poor urban worker (formal or "informal" sector) and rural ones do not exclude the poorer half of sector familial households.

But integration in many institutions cannot by itself result in a unified approach - except by very good luck. This is especially true because of the high degree of decentralisation to Provinces and the obstacles to frequent communication, especially to district level. Coordination is equally important.

Coordination has three aspects or levels:

- a. in respect to major strategy, programme and policy decisions it rests with the Council of Ministers and the Planning Commission;
- b. in respect to cross-sectoral (or ministerial) coordination and articulation it rests with the National Directorate of Planning;
- c. and within sectors it rests with the unit of the Ministry responsible for planning and programme development acting together with the Provincial directorates.

In this context the SDA-Project is somewhat mis-titled. It is a means to increase the coordinating capacity of the NDP, to provide it with analysis of poverty and how it can be reduced and evaluation of proposed policies, programmes and projects. The funds it has for actual projects are very limited and intended to support small pilot projects to develop broader scale approaches which can then be funded through the main stream budgetary process.

C.

Budgetary Coordination, Limitation, Allocation

Mozambique has very limited public finance resources and the bulk of them are received from donors. Overall government expenditure is of the order of \$ 85 per capita if the Recurrent, Capital and Emergency Budgets are combined and direct to project or commodity aid not now passing through the budgetary process added to them.

In absolute per capita terms \$ 85 is very small. It is about 60% of the \$ 140 a year per capita which the World Bank's Long Term Perspective Study strongly implies is the minimum expenditure needed for basic service, infrastructural investment and general administration. Unfortunately \$ 85 is very high relative to Mozambique's GDP of perhaps \$ 150 per capita. On that basis it is over 55% of GDP whereas the LTPS target is about 35%. Further, of the Mozambican governmental/Emergencia expenditure of \$ 1,275 million, of the order of 65 to 70% represents external grants and loans.

There is no simple way to raise the \$ 85 toward \$ 140 nor to reduce the external support required from 65 - 70% to a more acceptable level of 25 - 30%. Over 1990-95 there is little reason to project either domestic or external governmental revenue growth at over 5% a year. And, if over that

period, most of the 1,500,000 refugees from war return, resident population could well grow 4.5% a year. That would imply \$ 87 per capita in 1990 prices in 1995.

Therefore, improved allocation must be a central means of increasing funding available for priority uses. Improved allocation does mean greater efficiency in terms of progress toward priority objectives. It does not mean cost cutting in the normal sense - priority recurrent programmes do have possibilities for getting more out of present allocations (as noted in the following sectoral chapter) but they also need more resources - not less.

At present Mozambique's government sector - as a result of war - spends about 350% of LTPS implicit norms on emergency survival and about 450% of them on defence. Other recurrent expenditure and capital expenditure are only 36% of those norms (Table V).

With peace (however achieved) radical shifts in allocation:

- a. from Emergencia to Rehabilitacao
- b. from Defence to Other Recurrent
- c. within Capital from rebuilding war damage to permanent rehabilitation and expansion

would become possible cumulatively over time.

These (Table VI) could take both Capital and Other Recurrent from 36% to 61% of LTPS norms. That would be a significant improvement. To achieve it, however, requires convincing donors to switch support from Emergencia to Rehabilitacao as the need for the former and the possibility for the latter rise, and, similarly, to maintain a rising trend of support for capital and general recurrent spending.

However, there are more painful choices to be made under the allocation rubric. Some large capital intensive projects are needed - e.g. rehabilitation of the three main rail corridors and the ports of Beira and Maputo. But if PDP and similar initiatives are to be funded some existing or proposed projects, e.g. in respect to large scale irrigation, will need to be dropped. Similarly even in priority areas a set of hard decisions will be needed on possible speed of expansion, e.g. universal primary

TABLE V.

BROAD GOVERNMENT/PUBLIC UTILITY SPENDING:
MOZAMBIQUE 1990 VS WORLD BANK LTPS 'NORMS'

	A. <u>Mozambique</u>	B. <u>LTPS</u>	C. <u>(%)</u>
	(\$ 000,000)		
Emergency	350	(100) ²	350%
Defence	225	(50)	450%
Other Recurrent	325	900	36%
Total Recurrent	550	950	61%
Capital	375	1050	36%
Total	1275 ³	2100	61%
Per Capita ¹	\$ 85	\$ 140	61%

¹ For 15,000,000 Population

² () are interpolated estimates for sectors for which LTPS does not provide specific targets but - implicitly - assumes will exist at some level.

³ Not comparable to formal budgets because of incomplete bringing to budget of external finance. Also not comparable to Total Domestic Resources plus Total Aid because of approximate exclusion of Technical Assistance paid to donor's nationals not entering Mozambique national/external accounts (\$ 200-3000 million).

TABLE VI.

RESTRUCTURED PUBLIC SPENDING
POSSIBLE TO 1995^{*}
(\$ 000,000 - 1990 PRICES)

	Mozambique <u>1995</u>	LTPS <u>Norm</u>	% <u>M/LTPS</u>
Emergency	100	(117)	86%
Rehabilitation	250	-	-
Other Capital	500	-	-
Total Capital	750	1225	61%
Defence	120	(60)	200%
Other Recurrent	560	1050	53%
Total Recurrent	680	1110	61%
Total	1530	2450	62%
Alt. Capital ^{**}	500	1225	41%
Alt. Other Recurrent ^{**}	830	1050	79%
Per Capita ^{***}	\$87	\$140	62%

^{*} Assumes 5% annual growth domestic and external revenue and 4.5% resident population growth (including refugee return).

^{**} Transfers Rehabilitation to Recurrent Totals.

^{***} 17,700,000

education and universal access to full posto/centro level health care cannot be funded (or staffed) by 1995.

But effective allocation requires a more coordinated and transparent budgetary process than now exists:

- a. bringing all foreign project support and counterpart funds on budget (both as to sources and uses);
- b. recasting Ministerial (and Provincial Directorate) accounts in ways that would tell more about spending by programme and by type of expenditure (e.g. operating supplies, fuel-spares-vehicles, training);
- c. development of at least rough price indices for each type of expenditure to allow constant price (real input) comparisons to be made among years with some degree of accuracy;
- d. carrying out a budgetary exercise analogous to the Recurrent and Capital Budgets for Emergencia;
- e. producing - primarily for planning and allocation of resources purposes, not day to day recording and control of spending - a consolidated budget (sources and uses table) for Recurrent - Emergencia - Capital;
- f. allocating resources to priority programmes first and then working out the optimal sub-allocations to Recurrent, Capital and Emergencia (and possibly to Rehabilitacao if some elements in it are financed separately from standard Recurrent programmes).

These are areas in which Planning and Finance - as the central economic policy and resource allocation coordination and determination bodies - need to take the lead. However, a comparable exercise is needed within (and would be valuable to each Ministry and Province). In two respects, indeed, these units need to take the lead:

- a. in spelling out quantitative goals to be achieved as a result of policies and of expenditures both ex ante (sought) at the time of the Annual Budget exercise and ex post (achieved) within six months of the close of the fiscal year;

- b. in relating capital projects to recurrent operations (both as to goals and costs) and in providing specific identification of projects needed to implement proposed Recurrent Budget programmes.

D.

Broadening Community Support

Mozambique needs more domestic revenue both to increase government capacity to fund programmes (e.g. MCH, agricultural extension) and projects (e.g. Nampula Hospital, Cahora Basa-Maputo power transmission line). The present tax levels are relatively high. Raising them further would have significant potential negative effects - on professional, skilled and business personnel's morale if via direct taxes, and on low income group consumption levels if via indirect. Basically, increased tax revenue will need to be achieved out of increased commercialised production, more effective collection of existing taxes and rationalisation of the indirect tax system.

Therefore, a case exists for broader community/user support for public services going beyond the tax system proper. The arguments usually advanced - notably in the Bamako Declaration of African Ministers of Health on how to achieve Health For All By The Year 2000 - include, but are not limited to enhancing resources available:

- a. broadening the revenue base in a way which causes increased service use (e.g. households supplied with water, patients treated, students enrolled) to cause an automatic increase in revenue;
- b. demonstrating to users the direct link between their paying and the services they receive; thereby
- c. broadening interest in and concern with the quality and appropriateness of the services; and
- d. because service providers are now more directly dependent on users increasing the degree of user participation in service programme design and monitoring and of provider accountability directly to users and their communities.

These goals are, in themselves, sound. However, the standard instrument used to attempt to attain them is that of centrally set fees, collected from individual users locally and wholly or largely remitted to the centre. That approach has a number of problems:

- a. small fees are very cost inefficient to collect, bring to book and account for - especially if the receipts have to go up to Provincial or Ministry level. At a rough estimate 60% of the gross collection for MT 100 fees would be needed for collecting/accounting for them. The personnel requirements also pose problems as specialised professionals' time (e.g. nurses, teachers) is not well allocated to petty cash collection, storekeepers do not know bookkeeping and bookkeepers are a scarce resource;
- b. fixed fees are regressive as to income (i.e. bear most heavily on poor persons) unlike taxes (including indirect taxes which are progressive (bear less heavily on poor households) up to an income level well above the absolute poverty line;
- c. experience has shown that even modest fee levels reduce the use made of (access to) services by poor and absolutely poor households;
- d. fees set by and largely remitted to the centre do not, in practice, have any very visible link to quality or quantity of services provided;
- e. nor do they, in practice, result either in greater user participation or provider accountability to users;
- f. fees are usually set separately for different services with no attempt to see what the total burden of all fees on a household is likely to be, whereas household income is finite and all fees have to come out of it, if access to services is to be maintained;
- g. potential revenue from basic service fees probably does not exceed 10% to 15% of overall health-education-water spending or rather under 2% of total government revenue requirements.

In the case of Health, two further problems arise. The most cost efficient means of improving health/reducing morbidity and mortality are preventative (e.g. MCH clinics, vaccination) and educational (e.g. APE). Yet because these are services used largely by well people they are the ones whose use

would be most deterred by fees. Further, it is a sound economic principle to collect when income is highest and extraordinary expenses lowest. User fees for health services breach that principle: illness reduces income and imposes time (home care, assisting to medical facility) and cash (e.g. transport) costs. In other words point of use health fees fall at times when income is lowest and other extraordinary costs highest.

This set of criticisms does not mean all fees are unsound. To the extent the services are used primarily by not so poor, or not poor persons, the individual bills are large enough to allow low ratios of collection/accounting costs to collections and/or the households paying the fees would otherwise pay more to get the service from another source, fees are appropriate. It is their generalised use which is open to doubt. In theory, exemption systems could reduce the access problems for low income households. In practice, the administrative problems in a country with as many poor households as Mozambique either make such an approach non-workable or nearly totally wipe out anticipated collections - or both.

Is there an alternative approach to the resource mobilisation - participation - accountability goals? If so, what are its constituent elements? And is it practicable in Mozambique?

Six constituent elements can be set out:

1. the contribution to cost should be set (negotiated) between a community and the actual service providing unit it uses;
2. the community should be responsible for collection (and for using annual household charges or user fees or both, deciding on whether not poor households should pay more, determining who should be exempt, etc.);
3. the entire contribution should be used at the level of the unit which the community uses (including payments for higher level services it actually receives, e.g. spares and technical personnel to repair a borehole or fontenario);
4. the contribution should be in the form of resources which the community finds it least difficult to mobilise and which the unit can use (e.g. labour for maintenance and construction), certain equipment (e.g. chairs, desks, book cupboards for schools), food (for unit use in

school or patient meals or to supplement staff's cash incomes) as well as cash.

5. the negotiated setting of the contribution should include discussion of community priorities for the service and criticisms of its existing availability and/or quality;
6. The Ministry of Finance should conduct a rough check annually of total community support (especially in cash) being sought to ensure that individually reasonable targets do not add up to a disproportionate burden on household budgets.

This approach is not particularly complicated in principle. There are a number of specific cases in which it has worked in Africa - including APE's in Mozambique until war devastated village household incomes. But it does pose several problems:

1. massive decentralisation is needed because neither at National nor Provincial level is it possible to negotiate nor to aggregate non-cash contributions;
2. the resource contribution potential of communities varies widely among and probably even within districts;
3. the system is very vulnerable to failure of communities to collect and 'pay over' agreed contributions, to failure of the Ministry or Directorate to provide agreed levels of complementary inputs and to calamities (e.g. drought, bandidos attacks) which make meeting the budgeted contribution impossible for certain communities.

Nevertheless, this approach appears more promising than the centrally prescribed fixed user fee one. Experiments along these lines are envisaged in both the APE rebuilding and the canisa fontenario water extension projects partially funded by the SDA Project.

Somewhat different considerations apply when even the basic levels of a service are beyond government capacity to supply over a 5 to 10 year time perspective. For example, the maximum 1995 primary school enrollment ratio - both in budgetary and on qualified teacher availability grounds - would appear to be 60%. If by that date rural enrollments are to regain 1980 levels a freeze on urban enrollments would be required. That would imply

rapidly growing numbers of urban primary school candidates unable to secure a place.

In principle these could attend "informal" or community primary schools. These do exist and achieve useful results in some African countries. However, again certain obstacles exist:

1. where would such schools locate competent teachers?
2. could poor households bear the costs of even minimally adequate school funding?
3. would, in fact, nearly all children from absolutely poor households be excluded (ability tests at primary school entry age are not practicable; tests in ability to speak Portuguese, are but would discriminate against children from poor households)?
4. if increased dropping for poor performance is instituted before the first year is made more effective in teaching the language of instruction, would this add a further bias against children from absolutely poor households?

If the answers to these questions are unsatisfactory what actual options exist?

CHAPTER VII.

POLICY IMPLICATIONS SECTORAL

A.

Health

1. Maintenance of urban coverage in Maputo and increasing coverage in other cities and towns to the same level;
2. restoration of rural coverage as security permits - possibly using mobile or temporary units rather than immediately rebuilding still at risk postos, clinics and rural hospitals;
3. rehabilitation of building, vehicles and equipment and strengthening of maintenance and stock control (partly covered in World Bank Sectoral projects and discussions);
4. Organisation of effective estimation and active mobilisation to finance medical stores - including but not limited to drugs -, equipment, spares, vehicles and fuel;
5. re-estimation of personnel requirements for the above programme and re-organisation of training facility throughput to match, with special attention to restoring the preventative health cadre (APE) which has declined since 1980, and developing an urban quarter parallel to the rural village health worker cadre (related World Bank sectoral projects and discussions plus SAD-APE project);
6. costing of above programme followed by systematic resource mobilisation (Government budget, external support, community support, user charges) to meet the cost;
7. study of present fee and user charge systems (including their effect in limiting access by poor households) with a view to simplifying, consolidating, establishing clear exemption criteria and workable cost offset provisions, better administration and collection (on a cost-efficient basis, i.e. 10% or less of collections) by 1992/3 (World Bank supported study in process);

8. not raising charges or fees substantially until the study is concluded and, if new or increased charges are seen as appropriate, identifying and taking measures to offset probable denial of access effects as well as pre-introduction production of guidance manuals and forms and education of relevant personnel. In this context setting drug prices at 50% of cost (CIF plus mark-up) on the current exchange rate would avert a 140% price increase to users (making it about 20%) but might facilitate increased actual collection by allowing a less open-ended inability to pay exemption;
9. determining donor coordination, improved purchasing patterns, improvements in storage and stock control and reduction of wastes in use of drugs which could probably reduce costs by 30 to 40% (a multiple of any plausible estimate of drug charge collections). A key element is determining actual drug use patterns and the appropriateness of present mix of pharmaceutical supplies (should be related to World Bank Sectoral Programme);
10. identifying operationally accessible individuals, households and or groups who are priorities for nutritional support with the identification process via normal health service operations (especially MCH) and with food security subsidy paid via a finance managed food subsidy. Coordination needed with commerce food security Unit; with Education (primary school feeding programmes for bread plus energy foods) and with the unit responsible for support to improved work-place canteen meals (albeit this is more an incentive and morale programme to raise key enterprise productivity than a targeted nutritional security one);
11. developing a data collection and analysis system allowing evaluation of all personnel, physical and financial resource sources and uses of the Mozambican public health system including but not limited to cost and resource balance calculations (in part included in World Bank Sectoral Programme and other funded projects);
12. if - as appears likely - the data analysis reveals an imbalance has emerged against maintenance, spare parts, operating supplies (including petroleum products for mobility) non-pharmaceutical medical supplies and food relative to personnel, pharmaceutical supplies and equipment, seek to establish and maintain reasonable balances including by re-

prioritising types of requests to donors. In the specific context of food for patients in hospitals distant enough from household abode to prevent relatives providing food, seek project food (and logistics) aid as a step toward reducing imbalance in relative resource availability;

13. to develop a medium term strategy of prevention and care in respect to HIV/AIDS. This syndrome will sharply increase numbers of terminal patients and of non-war orphans over the 1990s even if the adult HIV infection rate can be held below 6%. It is crucial to educate and take related preventative measures to avert an explosion to the 17% to 22% adult HIV positive rates of Malawi and Zambia.

Water/Sanitation

1. Conduct studies on incidence of water pollution, water and sanitation inadequacy-related diseases and nutritional implications (in collaboration with Ministry of Health) initially with particular reference to canisa, suburban and peri-urban areas;
2. reverse fall in safe water accessibility by increasing canisa - suburban - peri-urban stand-pipe system primarily by boreholes and (where population density and pollution levels require) extension of pipelines from urban systems (pilot project under SDA-Project);
3. continue and - to the extent practicable expand - the rural pure water provision programme based on the lowest cost techniques suitable to particular localities;
4. experiment with community-based maintenance and operating cost recovery systems for stand-pipes (and some rural supply systems) with a view to achieving significant cost recovery by flexible systems - or opportunity - collection time-costs). Back up this approach with providing training in maintenance and simple repair to user committees (probably predominantly made up of women who bear the primary responsibility for household watering);
5. participate with Health, Education, Housing Directorate, Agriculture and Transport in identifying means to extend canisa areas with additional plot and machamba allocation, provision of basic health-water-education services and extension of accessible cost transport (by

bus or - in the cases of Maputo and Beira - perhaps by introduction of commuter rail services on existing lines);

6. build on the experience with the re-launched Maputo refuse collection system to restore comparable services in other major cities and to extend their coverage to meet canisa requirements.

Education

1. Continue high level of primary education access in Maputo and develop comparable levels in other provincial capitals and towns but in an overall frame compatible with full restoration of past (usually 1980 to 1982) peak rural enrollments;
2. address the three key constraints on educational quality - initial lack of ability in language of instruction (especially for poor household children). Lack of textbooks (again especially severe for children of poor households) and too short a school day (in triple shift cases) - leading to high repetition and dropout;
3. address the facility, equipment, text, personnel and other requirements of the two previous policy implications and seek to augment Government funds with coordinated (by the Ministry) donor support to selected recurrent as well as to capital expenditure;
4. review present education charges and other costs with a recognition that for poor households their current levels virtually preclude attendance of more than one child beyond the fifth class and for rural an additional cost burden (compared to urban) is imposed by boarding charges since secondary schools are rarely within walking distance;
5. review the high cost, low volume, inefficiently privatised text book system with a view to utilising donor aid for materials and press rehabilitation to create a stock of texts which would be owned by the schools and "rented" to pupils for an annual charge (based on a life of - say - six years) with full cost charged only on lost or destroyed books;
6. restore levels of basic adult literacy and applied continuing education with special attention to skills and techniques of value to poor household heads (especially female ones) in augmenting earned income;

7. develop a system for articulated analysis of resource levels, uses, trends and balances analogous to that to be developed by health. (Several, not all, of these policy implications relate to World Bank Sectoral Programme projects or discussions.);
8. evaluate operation of school feeding programmes (in conjunction with MOH) to determine impact on attendance, academic performance and nutrition levels and to assess cost efficiency relative to other nutrition support interventions.

Commerce

1. Improve the efficiency of operation of the Maputo and Beira abastecimento system operations and extend them to other provincial capitals and major towns (ongoing World Bank project relates in part);
2. consider whether other low cost staple goods (e.g. bread, cassava) could be sold (on a full cost/fair price basis) via the abastecimento shops;
3. monitor abastecimento sales to test whether increased flexibility in purchasing and increased minimum wages have significantly improved poor household ration take-up since mid-1988;
4. in conjunction with DPCCN seek to agree a system of national swaps of donor supplied food to avoid situations in which staples for free distribution are available but none for sale or vice versa;
5. improve donor education on actual food aid requirements (including commodities other than grain) and the need for orderly, predictable inflow patterns;
6. cooperate with Industry, Agriculture, Transport in improving familial sector physical access to agricultural inputs and to basic consumer goods to make price incentives to produce for sale effective, in order to augment both domestic marketed food flows and familial sector real incomes (including self-provisioning food production);
7. jointly with DPCCN coordinate with Transport in regard to logistics issues involving roads, bridges, secondary ports and coastal shipping

directly relevant to domestic urban and rural marketing and also on transport pricing and increased use of private lorry hauliers;

8. rerun the 1988 Maputo and Tete Urban Household studies regularly until Statistics is able to launch its broader study and seek to add at least one more provincial capital and a peri-urban rural area;
9. coordinate with MOH (nutrition) on nutritional studies to identify nutritional deficiency, vulnerability and priority for support groups especially initially in urban, suburban and peri-urban areas.

Housing

1. Identify and implement a sustainable cost recovery system for maintenance and rehabilitation of concrete cities without excluding low-income households now resident in them unless and until alternative adequate, cost accessible housing is made available to them (World Bank ongoing project relates);
2. complete study of actual range and distribution of present rents and their impact on low-income tenant households (taking into account the fact of re-letting which is inevitable even at present - and more so at increased - rent levels;
3. develop a flexible multiple choice approach to canisa and adjacent peri-urban areas housing (including upgrading of present houses and coordination with Health, Education, Water, Agriculture - in respect to machamba allocation - and Transport as well as additions to the housing stock):
 - i. site and service schemes (World Bank project relates but previous African experience suggests it will be accessible only to middle and lower middle income groups;
 - ii. rehabilitation and upgrading of existing housing in collaboration with community groups (as successfully supported by the World Bank in Lusaka "compound" peri-urban areas);
 - iii. development of improved traditional or "new" low cost building materials and techniques to reduce present canisa costs for

constructing either a traditional or a "modern" house (UNDP project relates);

- iv. allocation of delineated plots for informal sector construction with parallel provision of stand-pipes, primary schools and health posts, machambas and commuter transport. (On present Maputo/Provincial Capital experience, and that elsewhere in Sub-Saharan Africa the dominant way poor households can acquire access to any housing is by such informal construction or by renting rooms in such construction.) Possibly technical assistance and fair price supply of building materials (on full cost recovery basis) to informal building sector and (if financially viable and administratively recoverable) materials loans at subsidised interest rates to would-be home owners.

Energy

1. Facilitate effective access to lower cost (coal, kerosene) fuel sources for urban low-income households with introduction (to economic enterprise production preferably by labour intensive methods) of appropriate, user acceptable, low-cost stoves (World Bank project relates);
2. initial priority to Maputo (kerosene), Nampula (kerosene), Beira (kerosene) and Vila de Tete (coal) with subsequent extension to other towns where inadequate access to nearby wood-fuel sources is leading to prices beyond low-income household purchasing power and to environmental degradation (World Bank project relates in part);
3. continued study of potential (probably varying by locality and lowest for Maputo) for enhanced, sustainable production (agro-forestry) from plantations, small wood-lots and/or the familial sector as well as for increased efficiency in wood to charcoal conversion (and where appropriate finance for improved kilns in secure rural or peri-urban areas). The agro-forestry implications include building pole supply which is relevant to canisa housing costs and in most cases food and fodder, as well as cash sales of - e.g. citrus, from a variegated tree plot.

Industry

1. Sustain expansion of basic consumer goods and agricultural inputs to provide effective incentives for familial sector production (World Bank import support projects relate);
2. coordinate with Transport, Commerce and Agriculture to ensure that such goods are in fact transported to and commercialised in rural areas (EEC projects in respect to cashew and Mueda Plateau grain relate);
3. coordinate with Housing on enhanced production of low-cost construction materials;
4. seek to identify artisanal and informal sub-sectors which are labour intensive, sell to poor households and - if they can expand - would probably add to low-income group employment opportunities and to channel import supported financed raw materials and tools to them (on fully commercial basis);
5. provide extension service to these (and to "modern sector" small and medium scale enterprises) to enhance their technical, managerial, marketing and accounting capabilities;
6. coordinate with Agriculture on possibilities for artisanal and small scale industrial development (especially but not only in food processing) in the Zonas Verdes (initially those of Maputo, Beira and Nampula) and adjacent peri-urban rural areas (initially those of Maputo and Tete Provinces and those adjacent to Xai Xai and Inhambane when security permits);
7. continue encouragement (via inter alia price and market liberalisation and selective privatisation) of small scale entrepreneurial expansion of output and employment and consider parallel efforts in respect to medium and large scale mixed enterprise development in respect to moribund state enterprises nominally capable of producing basic consumer, agricultural input or simple construction materials which are in scarce supply (and therefore often unavailable to the familial sector or in secondary towns and only at candonga prices in main cities);

8. coordinate with Labour in identifying returning or returned miners with skills needed in the industrial and service sector with a view to job placement (to increase efficiency and output as well as to reduce unemployment) with or without short retraining courses.

Labour

1. Improve labour (wage employment in formal sector) statistics as to coverage, articulation by type of employment and employer, and income distribution;
2. initiate studies toward developing systematic estimates of economically active population including familial sector, urban- peri-urban "informal" sector, casual employment with articulation by type of activity and income distribution (cash and total including self-provisioning);
3. conduct a sample personpower (manpower) survey to identify major skills, gaps and future requirements in coordination with Education's review of technical institution sectoral capacity by category (World Bank project relates);
4. seek to facilitate these data developments by liaison with Statistics on possible inclusion of relevant questions in the forthcoming National Census and its processing and analysis programmes.

Agriculture

1. In respect to Zonas Verdes:
 - i. build on existing surveys to identify research and extension priorities;
 - ii. seek to increase the present 33 to 50% of total machambas which are productive by means including, but not limited to, small-scale irrigation;
 - iii. identify areas in which machamba areas could be extended with a preference in allocation to absolutely poor, female headed, no salario income households;

- iv. implement a preferential policy for machambas, to poor households including self-organised co-ops of machamba holders and largely excluding allocations or re-allocations to medium to large commercial farms, in respect to existing Zonas Verdes machambas and any extensions to the Zones.
2. In respect to peri-urban rural areas (those at least nominally purchasing an estimated 40% of food from commerce network):
 - i. conduct studies similar to Zonas Verdes ones including question such as soil exhaustion in the areas and farming (by day walks to insecure farms) outside them;
 - ii. seek to establish extension and input supply programmes to augment production (primarily for household self-provisioning).
 3. In rural areas proper (initially primarily in relatively secure ones such as Cabo Delgado Plateau, Beira Corridor, selected districts in Niassa, Tete and Manica):
 - i. conduct a familial sector sample survey (or surveys) to identify farm/cultivated areas sizes, uses, crops, livestock, techniques (including rotation system, tools and inputs), housing/household equipment conditions, family income (including self-provisioning, produce sales, other income), in coordination with Commerce nutrition levels;
 - ii. on the basis of this study identify research, extension and input supply priorities;
 - iii. in parallel review research and survey results in relatively similar familial agriculture in adjacent countries (e.g. making use of SACCAR in Gaborone) to provide another guide to likely problems and potentially promising approaches;
 - iv. coordinate with Statistics on possible questions in Census to facilitate subsequent agricultural sector baseline data analysis and subsequent updating.
 4. Conduct sample surveys in densely populated (resettlement, peri-urban and limited secure zones) rural areas in which traditional familial

sector long rotation is not practicable to identify soil exhaustion and longer term ecological problems and possible new techniques, inputs or other measures to contain them;

5. coordinate with Commerce, Industry and Transport on issues relating to providing input, transport, market (to buy as well as to sell) access to increasing numbers of familial sector households to allow them to produce more for self-provisioning and sale and to incentivate them to produce more;
6. coordinate rural rehabilitation of nominally stable familial sector households production either with the Emergencia rehabilitation aspects or with a strategic Rehabilitacao programme (resettlement areas/farms; seed-tool-basic household equipment supply, interim food supply until a crop is harvested) components and seek to mobilise external finance (whether through Emergencia, Rehabilitacao or otherwise) to extend these to all familial sector households with an initial emphasis on newly secure or semi-secure areas (e.g. Angonia);
7. monitor the adequacy and equity of producer prices for the familial and small commercial farm sectors on an ongoing basis and seek improvements in Agricom and other marketing and transport sector enterprises' cost efficiency (private or public) to reduce the farm to market (domestic or export) cost share in the final price;
8. complete articulation and preparation for implementation of the agricultural aspects of the PDP (Priority District Programme).

Transport

1. Take rural income restoration and food security consideration into account in strategic project (Beira, Limpopo, Nacala Corridors and Sena Line) design and prioritisation while recognising that these will not normally be the dominant consideration in regional interstate route rehabilitation and development;
2. develop a phased rural transport infrastructure rehabilitation programme with rural production and food security aspects specifically addressed and encompassing Emergencia food distribution related infrastructural projects and - more particularly - with PDP and

Rehabilitacao (which potentially will, over 8 to 10 years, cover virtually all major rural areas);

3. pay specific attention to small and medium ports which provide the key to access for a significant proportion of the rural population with special attention to badly run down ones such as Mocimboa da Praia and Inhaca - a goal likely to be facilitated by separation of secondary and tertiary ports from Railways and Main Ports under a Domestic Ports Authority and attention to their needs within the structures of the relevant overall Provincial rehabilitation and development strategies;
4. facilitate build up of both public and private enterprise vehicle fleets and supporting access to spares and maintenance workshops including extension of existing programmes to secure externally soft-financed lorries to sell for MT on credit terms to private hauliers;
5. continue development of cabotage fleet and explore ways of assisting private informal sectors to re-establish small sailing and rowing vessel fleet which used to provide direct access for village and rural households near the coast or estuaries. This may require providing wood (e.g. from Cabo Delgado or abroad), other construction inputs and tools to reactivate artisanal shipyards;
6. encouragement to efficient use of public sector lorries by avoiding empty back-hauls (as grain supply lorries to Tete and Niassa do by securing Malawian export return cargoes and Charbomac coal export fleet by hauling grain from Zimbabwe to Tete) and by identifying ways to reduce waiting time between trips;
7. review of present regulated transport rates which appear uncoordinated with a range from impossibly low (some road traffic) to surprisingly high (coastal passenger traffic). Total deregulation may not be prudent given extreme scarcity of transport equipment and limited number of operators but if regulation is kept regular six monthly revisions are needed to cope with inflation and emergency ones to handle sudden, large (say over 20%) fuel price boosts;
8. subject to checking channel depth at the bar, re-instituting barge service on the Zambezi to Tete with 50 tonnes barges and pusher-tugs ferrying food up and coal (for domestic use), sugar or other products

back thereby restoring access to a not insubstantial population along the river. The barge route could terminate with transshipment to cabotage vessels at Chinde or (with four barge lashes) continue to Beira subject to weather conditions. (When the Sena rail line is restored to Caia, consideration could be given to transshipment at that point);

9. evaluate introduction of low-cost urban commuter transport (possibly using self-propelled cars) on the existing rail lines outside Maputo and Beira;
9. evaluate introduction of low-cost urban commuter transport (possibly using self-propelled cars) on the existing rail lines around Maputo and Beira to lower cost and facilitate ease of access to urban centres from canisa and peri-urban areas.

Planning/Statistics

1. Develop National Census question design and especially 1991/1992 Household Survey (UNDP project relates) in coordination with other Ministries to draw on their experience (e.g. Commerce Household Surveys) and to include key questions and processing facilities for providing them with processed and/or analysed information;
2. coordinating with Agriculture on the possibility of an early baseline sample census for the Agricultural Sector perhaps initially for Zonas Verdes, peri-urban and selected secure districts;
3. explicitly introducing human condition and absolute poverty reduction considerations into general analytical and programmatic work of Planning Commission staff;
4. develop its policy capacity to evaluate and coordinate Ministerial recurrent policies and operations - including in relation to absolute poverty reduction;
5. undertake overall coordination of the PDP at National and Provincial levels;
6. develop a capacity to evaluate total resource use in the Recurrent-Emergencia-Capital budgets in order to increase ability to analyse and

alter allocations in respect to national strategic objectives including reduction of absolute poverty;

7. introduce a broader set of criteria - notably in respect to direct and indirect benefits to poor and absolutely poor Mozambicans - to be applied to including, rejecting or amending projects proposed for the Investment Plan and for modifying, rephrasing or even dropping those now included where appropriate.

B.

Personnel: Numbers, Tasks, Retraining

Mozambique's public service is frequently characterised as too many, too little trained, too inefficiently allocated, too little paid, too expensive and too unproductive. Each criticism has a certain degree of truth but each is too simple.

The total non-uniformed government service is 100-110,000. That is not much over half the norm for a very poor country of 15,000,000. Further, outside health and education, the portion of norm is about one-third. Overall Mozambique needs at least as many civilian public servants as now - which is not to say in the same posts or all the same people.

Agriculture and Water need more at all levels and Works and Transport do at least at Provincial and District levels. Education may have enough teachers but not in rural areas. Districts may have wrong posts, but on the whole have so few staff - especially above very junior level - as to make decentralisation at design, technical and monitoring level to them a very long term process. Many Ministries may have too many posts loosely termed "administrators" but frequently operational administration (the getting system moving level between top level public service decision takers and action coordinators and lower level clerks/secretaries) is in fact absent.

Pay is too low. At the bottom it is a barely adequate foundation on which to erect a household income to stay out of absolute poverty. At the top it provides inadequate incentives for good public servants to stay in post rather than drive off to private sector and aid agencies or fly abroad.

Even 16 years after independence many staff have not been retrained to upgrade their knowledge and skills for the posts they hold. To begin doing that systematically and rapidly would appear urgent if existing, let alone expanded or new, programmes are to be run well. Each Ministry-Province needs to identify persons needing more training to do present or proposed new tasks and how this could be provided in Mozambique and - preferably - part time or night near work place.

These problems are not unique to absolute poverty reduction work but because much of it is new or represents a return to the countryside after an extended absence the weaknesses of public service capacities are likely to be peculiarly acute. New programmes should identify specifically:

- a. post required where, to do what, with what training and/or experience requirements;
- b. number of posts existing and capability and training levels of holders;
- c. what are minimum new post and training/retraining requirements looking five years ahead;
- d. what this will cost.

Overall issues - e.g. pay and other terms and conditions, "peace dividend" reallocations from uniformed to civilian public service financing - are not within the scope of this paper. They relate to overall public service review now in progress but evidently will effect the numbers and morale of public servants struggling against absolute poverty.

C.

Institutions for Decentralisation and Coordination

The structure of coordination - to allow both national frameworks and meaningful decentralisation - has been discussed in the last chapter. Because they are coordinative not conglomerative or parallel institution building, they depend on decentralisation in articulation, operation and on-going monitoring.

The key units in this are logically Provincial Directorates of operating Ministries plus those of Planning and Finance. If articulation, resource (including personnel), specialised service provision and operating level

coordination do not function at Provincial Level, then the struggle against poverty will remain a relatively empty slogan outside Maputo. There is no reason to assume each Provincial Directorate will need or want identical structure, but most will need more professionals and para-professionals and more training/retraining.

Decentralisation to Districts poses problems. With - usually - under 250 staff and (excluding Health and Education) very few professionals, Districts cannot be design-action-monitoring units with the same degree of decentralisation as Provinces. But they do need to be involved because direct user (including absolutely poor household) participation in design and monitoring - as well as implementation - can only operate in full at this level. How to structure it and to relate it both to public servants in district and to involved specialists from Provincial level requires painstaking attention and - once begun - an on-going review of effectiveness.

Building up District public service capacity is crucial to building up meaningful decentralisation to that level. While its general parameters fall outside the scope of this paper, some points can be made:

- a. over the 1990s both financial and training constraints will place severe limits on District staff build-up since Provinces are not so fully or comfortably staffed as to allow for massive transfers;
- b. Agriculture and Works are likely to need to enhance District capacity over the short run more than other sectors because cropping, grazing, agro-forestry, maintaining and constructing have more and geographically narrower contextual specificities than - say - Health, Education or even Water;
- c. installing over 100 planning units is totally unfeasible on staffing grounds. However, while the District Administrator should remain the central official, his non-Rehabilitation and Development workload may mean a Deputy RA specifically designated (and trained) to coordinate and monitor, e.g. PDP, Rehabilitacao at District level will be needed.

CHAPTER VIII.

AN EPILOGUE COMMENDING ACTION

The explicit and implicit requirements of the strategic and programmatic initiatives set out above are daunting. The tale of the swamp drainage worker beset by a flood applies: when you are on tip toe on not very firm ground with your nose barely above water and crocodiles are swimming toward you, it is difficult to remember you went in to drain the swamp. But - in respect to enabling poor people to produce more, to have access to infrastructure and to be provided with infrastructure to drain the swamp of poverty - that is what Mozambique and its public service set out to do. Now, when the waters of economic disaster have begun to subside and the crocodiles of war are being beaten back, is the time for the goal to be recalled and reasserted in practice.

The dream of development remains alive. Whatever their weaknesses, the amount of civil governance and the delivery of services that has survived protracted war and fiscal stringency are surprisingly high. They form a base for trying again (as the rabbit said when he set out to slay the elephant trampling on his family's homes - and, in the waSukuma folk tale, he achieved his goal).

But will alone is not enough. Knowledge, competence (including retraining), identifying priority programmes and sequences, mobilising and allocating resources matter. Each may be only one brick in the battlements of an overall strategy to overcome absolute poverty but without humble bricks no grand battlements can be raised and with half-baked ones they speedily collapse.