

HUMAN AND LIVELIHOOD REHABILITATION
AFTER WAR

Reconstruction, Structural Adjustment
and Transformation In SSA

By Reginald Herbold Green

To plan is to choose.
Choose to go forward.

- Julius K. Nyerere

For I was hungry and you fed me
I was thirsty and you gave me something to drink
I was a stranger and you invited me in
I needed clothes and you clothed me
I was sick and you looked after me
I was in prison and you visited me

- Christ according to
Saint Mathew's Gospel

Not farewell, but fare forward voyagers.

- The Lord Krishna

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EXECUTIVE SUMMARY

I.

1. Many African countries - and over 150,000,000 people - face the challenge, the life or death, modest sufficiency or life long destitution alternatives of post war political, social and economic reconstruction. This is an opportunity but a grievously difficult one to grasp. The history and costs of the war weigh heavily even after it has ended.
2. Whether that opportunity can be seized depends to a large extent not merely on reallocating 'defence' spending but also present "emergency" and refugee funding.
3. In war devastated, unreconstructed countries the core human and food security - and often macroeconomic - outcome turns on the loss of livelihoods of millions of forced migrants and persons pauperised in place - up to 50% in Mozambique and Angola. Enabling them to rehabilitate their livelihoods including provision of basic services, local infrastructure and market access recreation is the necessary condition for genuine national recovery.
4. To suppose that this priority is inherently inconsistent either with Structural Adjustment or Transformation is inaccurate. There are likely to be divergences on sums, balances and instruments, but at least from 1989 the World Bank's line has been rather more compatible than that of most resource transferring or recipient governments.

II.

5. To be conscious of the specific needs of women and children is not necessarily to devise special programmes (let alone strategies) for them. Enabling absolutely poor households to restore their livelihoods is a necessary condition for making much progress toward the goals of the World Summit on Children or the Nairobi retrospective Conference on the "Women's Decade". Equally, universal access (with sub-programmes

to make it effective) is much more politically practicable and sustainable than means-tested targeting on "the destitute" (affirmative action is primarily about empowering the previously excluded not excluding the previously included).

6. In fact, Livelihood Rehabilitation-Basic Services-Infrastructure-Market Access does relate directly to the needs of poor African women. Workload reduction, ability to feed and water their families more adequately, access to effective preventative and simple curative health care near enough not to have prohibitive time and travel opportunity costs are very high on their priority lists (when, as is none too usual, they are asked).

III.

7. The most articulated work on Reconstruction has been carried on in Mozambique where it is perceived by the government as a central economic, social and political (electoral) priority. Ethiopia is not identical to Mozambique, both in respect to context, data availability and stage of strategic planning .
8. But the underlying reality of millions pauperised by war and with little effective empowerment to rehabilitate their livelihoods is common to both countries. Ethiopia has two unfortunate historic divergences - at no time in 57 years has it had rapid economic growth nor a rapid burst toward human centred development and it now faces the problems of the end of a classical empire which were writ large in Central and Southern Europe at the beginning of the 1920s and are seen now in what was the re-christened Russian Empire and the border zone between the Hapsburg and Ottoman Empires (ex-Yugoslavia). This is not the historic legacy or present context any sane person would choose - but Ethiopians have no choice. They can only start from here and now and forcibly ignoring history is dangerously likely to cause its repetition.

IV.

9. To set goals is not enough. Targets with approximate numbers, instruments, means to mobilise resources and times for 'arrival' are needed as well. These have to be done before accurate data are (or can become) available and modified as it does and as the Reconstruction/Livelihood Rehabilitation dynamic proceeds.
10. Key targets for Ethiopia can be set in Food Security, Land Access, Absolute Poverty Reduction, Basic Service Access, Urban Employment, Environment, Domestic Production, Public Finance. Doubtless they will be approximate and subject to error - as are all applied economic projections - they can be meaningful markers both as to direction and to pace of progress.

V.

11. Rural Reconstruction turns on ten components: access to land, transport home, tools, seed, food until harvest, access to basic health, education and pure water, local physical infrastructure, market access and household cash incomes.
12. There is nothing very arcane about these. Nor is their coordinated articulation more difficult or problematic than for other economic strategic initiatives.
13. Focusing on Reconstruction requires (as well as facilitating) decentralisation, participation and strengthening of domestic civil society groups. If successful it can be a major electoral asset.
14. In each of the ten areas a great deal of articulation and of identification of means, institutional vehicles and costs is necessary. That is true of any strategic initiative. It seems harder for Reconstruction because it has been attempted so rarely and thus lacks a body of experience and of conventional wisdom (or folly) on what is to be done and because it really does require iterative interaction within a decentralised framework not a linear centre to outlands/macro to micro unidirectional process.

VI.

15. The urban side of Reconstruction is different. For the rural side, the entry point is forced migrant and war pauperised in place households. For the urban it is absolutely poor households most of whom will not (unlike their rural and camp sisters and brothers) opt to go home.
16. Restoring rural production and two-way urban-rural trade is the single greatest gain available for post war urban economies which have tended to become nearly isolated islands amid (unevenly) wasteland rural seas. No other dynamic could as quickly reflate demand for urban goods and services or restore urban wage employment in the formal and - so-called - informal sectors.
17. More detailed articulation is needed and probably requires giving priority to raising minimum wages to over half the household absolute poverty line (versus often under half as much today) while recognising that the 'typical' urban African households has - and has to have - more than one source of income and more than one economically active member to stay above the destitution (let alone the absolute poverty threshold).
18. The basic services, and local (especially peri urban) infrastructure components - as well as broadening and deepening access to cash incomes - are relevant to urban as well as to rural areas. One difference relates to structurally destitute urban households (basically the victims of too many mouths per pair of healthy hands not of un- or uneven literal underemployment. If they - and their children - are to have any hope of decent lives, low cost/broad access "safety nets" are needed.

VII.

19. Reconstruction as a strategic imperative does not start with macroeconomics but with what Adam Smith called "moral economy" and Robert MacNamara "abolition of absolute poverty". Apart from rough frame setting, its aggregates should be built up from local and regional/provincial micro and sectoral items.

20. But macroeconomic aggregation, consistency tests and presentations do matter. First, without them there is the danger of attempting the impossible - and thereby failing to attain the possible. Second, it is worth testing probable results in respect to food security, absolute poverty, output, fiscal and external balance to see how much progress a set of measures and resource allocations could achieve. Third, without a macro frame, external resource providers will not put up substantial new money nor even convert Emergency/Refugee funding to Reconstruction as opposed to phasing it out.
21. The only known attempt to run such a framework has been in Mozambique. While imprecise (and requiring amendment as data and experience are achieved) the results suggest that there is no inherent obstacle to such systematic projecting and consistency testing and that the results fare well on benefit/cost ratios and on reduction of imbalances - if one accepts a basic priority on behalf of poor people.

VIII.

22. Structural Adjustment and the World Bank are regularly paraded as reasons any poverty focussed strategy is unfeasible. While perhaps valid over 1979-84, this view is both increasingly inaccurate and fatalistic. It ignores that countries which did give priority to "Human Face" issues from 1986 on, did succeed in raising real resource allocations to them. The World Bank is neither monolithic, unwilling to learn from experience, deaf to dialogue nor operationally dogmatically ideological.
23. Rhetoric is no substitute for pragmatic, articulated, conceivably attainable goals, means, instruments, costings and sustainability projections. Many African states might benefit by reflecting on that proposition even if the World Bank and other resource transferors did not exist. For countries heavily dependent on external transfers and, therefore - in the present official transfers to SSA context - on the World Bank's 'approval' (or at least nihil obstat) there is no choice. Their only effective power is that of persuasion via reasoned discourse backed by plausible numbers. It is not a negligible power, inadequate as it may be. Dependence is a fact - rhetoric will not cause it to

vanish like the Walls of Jericho and, too often, ill-considered action based on rhetoric has worsened dependence, not mitigated or reduced it.

24. Negotiating Reconstruction with the World Bank (and even more with certain other major resource providers and international NGOs) will be hard, tedious, time consuming and frustrating. In general the same applies to domestic Ministries of Finance and Central Banks (at least if they are prudent watch-dogs over the people's money). But it can be a pragmatic dialogue on amounts, designs and phasings, not a diatribe of the deaf (which both sides are too prone to slip into). Any reader of the Bank's Long Term Perspective Study, the 1990 and 1992 World Development Reports, and the 1991/92 "Operational Directive" and "Handbook" on Poverty Reduction (especially in contrast to the 1981 Accelerated Development report) should be able to see this if he can rise above the often acrimonious debates of the 1979-1985 period and their recurrent echoes.

IX.

25. Reconstruction/Livelihood Rehabilitation is not a complete economic strategy. It is a major strategic initiative.
26. Nor is it a new venture into the unknown with no history. It draws on the World Employment Programme (Employment, Growth and Basic Needs) and the 1970s World Bank attempted assault on absolute poverty - perhaps with greater weight to enabling poor households to produce more.
27. The high noon of hard line neo-liberalism lies in the past. This may not be so evident in Africa where its peripheral acolytes have not yet learned or understood what has happened in the dominant centres. But it is a positive fact - and one SSA needs to realise and to use.
28. To do so African leaders must decide whether or not they accept three propositions (the middle one from Adam Smith, the other two from Mwalimu Nyerere):
- That development is about people and therefore they must be its main actors and judges as well as means;

- That no nation can be great and prosperous the majority of whose people are poor and miserable and that, therefore, moral economy requires the state to give top priority to enabling them to climb out of that condition;
- And that in the context of very scarce resources efficiency matters and waste of resources is a sin because it pauperises and kills poor people.

29. To the extent these three propositions are not accepted, then Reconstruction/Livelihood Rehabilitation (which is based on them) is for practical application irrelevant (or even subversive). To the extent that they are, it is a choice in applied planning - a choice, and a possible route to go forward.

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I.

After The War Is Past

Not all African countries are ravaged by war, present or past. But Mozambique, Ethiopia/Eritrea, Angola, Sudan, Somalia, Liberia and the Sahara Democratic Republic surely are. And the reconstruction problems of Uganda, Chad and - in a sense - Zaire have never been faced and - partly as a result - neither economy nor society have recovered. Those countries' people number over 150,000,000.

For some of these countries it is apparently premature to talk of "post war" but unless one supposes the armed conflict will continue indefinitely it is appropriate to look forward now to what the priorities of peace should be. Prolonging the agony caused by the war because of failure to pre-plan the peace is humanly unacceptable - and may very well lose the peace.

Post war is no tabula rasa on which plans "of all our dreams" can be written - as one Mozambican sectoral planner sadly termed his 1980 effort looking back from 1990. All of the pre-war constraints are likely to remain and to have been worsened. The hope of a huge direct peace dividend is usually (not, however, in Angola) wishful thinking. External balance and domestic/external stability (economic, social, political) necessities are not suspendable simply because there has been a war.

Nor do war costs vanish overnight, with exceptions of the not trivial but not dominant elements of lives lost in combat and crossfire and assets destroyed by sabotage or in battle. The main GDP loss in countries subjected to war for several years flows from the deterioration and failure to renew or expand the fixed capital stock and from the massive disruption of rural life including abandonment and/or mining of much of the

countryside. Restoring, returning, reclearing, rebuilding and reinvesting take years. The largest - from infrastructure destruction - is also not subject to reversal in a few weeks or months. On the human side the near 300 under 5 mortality rates of Angola and Mozambique are the result of war but halting the war is only one precondition for at least five years hard work to get them down to the 150 they would probably have been (or Tanzania is) in the absence of war.

A challenge and a threat is the one really large flow of potentially reallocable resources (and especially of foreign exchange flows) - emergency survival plus refugee support. If it can be reprogrammed to return and livelihood rehabilitation up to half the resource for waging the Reconstruction Campaign will be to hand. If not, then peace - grimly ironically - could raise or at least not abate death levels because emergency and refugee aid fell faster than production could be restored or other inflows raised. The whole one-off, narrow purpose, brief duration, separate institutional compartment nature of emergency/refugee assistance makes transformation hard to achieve and premature cutoff all too likely.

The macroeconomic challenges of reconstruction vary. For example, in Angola consolidating the hydrocarbon, recapturing the diamond and restoring the mineral sectors are central, whereas in Mozambique the make or break sector is familial agriculture. So too are how much overall growth and short term fiscal and external balance reductions can be achieved. The only common key sector is infrastructural restoration and even there there are very wide diversities in who are priority users: mining and export agriculture, town/country trade and transit traffic balances vary very significantly.

The human challenges are more uniform:

- a. millions of people are forced migrants - most internally not as trans border refugees;
- b. additional large numbers of households are "pauperised in place" with the joint impact of war and drought having wiped out their herds, seeds, tools and often their houses and much of their land clearing;
- c. most wish to return home when and if security and livelihood permit;

- d. for them to do so there must be a livelihood restoration enabling context including working capital of seeds tools, transport and food until harvest;
- e. but also basic human and social service (investment) and infrastructure restoration as well as revival of market access (rural commercial networks);
- f. with parallel programmes (on a smaller scale) in urban areas also focused on livelihood (formal or informal wage plus self-employment opportunities);
- g. although - and because - recreation of rural/urban two-way trade is the largest single stimulus which can be given to urban production and sales (as well as the greatest contribution to urban as well as rural family sector food security).

The implications for emergency/refugee assistance are clear. It should move with the forced migrants both physically from places of refuge to home districts and topically from survival support to livelihood rehabilitation enabling. Once in the war or war/drought devastated districts it should also serve those "pauperised in place". This is very much non-trivial because the sums are large (\$500 million a year in Mozambique for Emergencia plus support for Mozambican refugees in neighbouring states) and because rapid phasing down rather than continuity with transformation is the likely result, because of the way such assistance is now perceived (by recipients as well as donors) as something unique and temporally tied to alleviating a crisis rather than reconstructing from it.

There is no particular reason these priorities should conflict with structural adjustment, at least on the type of definition set out in the Bank's Long Term Perspective Study of 1989 and Poverty Reduction Operational Directive and handbook of 1991 and 1992. However, coordination is not automatic (not least because emergencies and war are rarely factored into economic policy and analysis except as ad hoc constraints and noises offstage, especially so in the case of the World Bank). To set them up as polar opposites is unconvincing and in practice likely to be harmful to both:

- a. if Reconstruction focused on livelihood rehabilitation does centre on sector familial and low income urban household livelihood rehabilitation, it can have positive output and neutral fiscal and balance of payments implications;
- b. and assuredly it can further poverty reduction (and safety net requirement containment to manageable proportions) as well as household and national food security;
- c. while it positively requires priority to basic health, education, water and extension services;
- d. all of which - like restoration of the rural market for urban goods - are potentially highly structural adjustment efficient;
- e. but to try to provide the services and the infrastructure with inadequate attention to poor household production restoration will lead to unmobilisable additional net budgetary and import support requirements in the long, as well as the short run;
- f. while also not enabling households to achieve earned livelihoods capable of covering basic consumption requirements or reflating demand for urban goods;
- g. so that a rehabilitation strategy not focused on enhanced production by poor households (livelihood restoration) is a failure in its own terms as well as a menace to regaining macro economic (or macro social or macro political) stability.

But this argument cuts two ways. Resources deployed need to be mobilised from reallocation, new interim external finance and - increasingly - indirect tax yields on the output additions and foreign exchange gains from export increases, or import (especially food) requirement reductions not 'generated' by printing notes or other grossly inflationary methods. That way lies unsustainability for reconstruction (or any other strategy). Similarly, macroeconomic goals, e.g. credit levels and market/non market allocation criteria as well as timing of import liberalisation and/or foreign currency price adjustment need to be adjusted and phased in a way giving reconstruction to grow not condemning it to be stillborn or an infant mortality statistic.

II.

Women, Children and Restoration

The overall summary may appear to overlook the specific concerns of women and children. That is more apparent than real.

Household livelihood rehabilitation especially for the rural family sector is a necessary condition for reducing women's workloads and for children being adequately fed, sheltered and clothed (as well as their mother's having the time to care for them including taking them to "well child" clinics). Without it there is only so much interventions like vaccination and emergency feeding programmes can achieve. The healthy, alert, happy child in a destitute household is not a realistic (nor a particularly desirable) goal. Similarly, to attempt to have programmes to meet the special needs of female headed households outside of an overall strategic focus on poor household enabling programmes has a certain illogicality and a rather greater degree of social and political non-sustainability.

The surest way to obtain access for poor household children (and among them poor household girl children) to basic education and medical attention is to have universal primary education and primary health care system plus households with enough income to afford the opportunity cost in time of the children going to school and the mother allocating time and transport money (and perhaps drug or consultation fees) to take them to the clinic. In principle a separate agricultural extension service for women would be possible. In practice it would be ghettoized, with full coverage by the mainline service with checks to ensure it does reach female headed households is a much less unpromising approach.

Water is a special case because it is clearly not gender blind. Women and (in some cases especially) school age girls are water bearers. For many it is their largest single allocation of time. Quite apart from purity, the quantity of water for bathing, cleansing and sanitation is very relevant to health; in this case household health, but especially children's health. Effective access to reliable supplies of adequate quantities of water can reduce women's workload dramatically (and presumably reduce primary education drop out rates among girls) as well as increase hygiene/health/well-being. "Reduce" may be a misnomer - in the first instance, time may well be reallocated to child care, growing crops,

cleansing. But more of these parallel to more water and no total increase in workload is a net gain.

None of the above denies the necessity of being gender and child conscious in articulated design and operation work. How may be quite task or context specific.

Water is again an example. In most SSA cultures the existing division of labour places construction (including wells) on the male side and the day to day watering operation (including routine maintenance) on the female. This suggests that women's participation in choosing locations, designing surrounding areas for wells or taps (to keep human, animal and washing uses apart, avoid pollution and stagnant water, etc.) as well as female majorities on water point management (operation and repairs) committees and training women in routine maintenance skills are important from a purely functional as well as a broader social participation perspective.

In the case of primary health care, most vaccinations (except, in principle, tetanus toxoid and tuberculosis) are primarily valuable to young children and secondarily to expectant mothers with somewhat less importance for older children, youths and adult males. Mother and child clinics are - as the name suggest - focused on the needs of women and children. Time saved - on tending the sick and taking them to clinics - is primarily women's time.

On the other side of the health budget most nurses are women from absolutely poor through not so poor households and many are female household heads, so higher - which may mean \$25 a month not \$15 or \$40 not \$25 - real wages will benefit poor households and within them female headed households will be benefited more than households in general or men than within two adult households.

Gender consciousness and affirmative action for women do not usually imply separate programmes or institutional structures for women (least of all fig leaf Ministries of Women with negligible powers, resources and prestige). Women may - usually do - want some groups of their own which in specific contexts may include cooperatives (rural or urban, production or marketing) and adult education classes. Similarly, some programmes will be of interest primarily to women, e.g. nutritional education, related agricultural extension, communal (village) child care/feeding on the Iringa

model, because the relevant activities are predominately carried out by women.

The last example also shows the link back to household livelihoods. The initial successes of the Iringa model were in villages which had overall food surpluses and few households with severe shortages. Education - in diet and in how to grow it - plus communal care allowing an adequate number of feedings - worked well to a significant extent because there were only a limited number of inherently nutritionally poor households. A positive unanticipated result was that the communal care/feeding in fact led to food redistribution to the children of the poorer households. The programme now covers half of Tanzania including some less food secure regions - albeit Tanzania has relatively few areas with severe good or normal year food scarcity and/or a high proportion of households with inadequate effective ability to produce food compared to many other SSA countries. It is effective in most, but the gains are less in low food availability regions or years. Livelihood matters as well as knowledge and the weight community redistribution can bear is real (at least in rural Tanzania) but not unlimited (anywhere).

Absolutely poor households, female headed households and women do need to be consulted to find out and take account of their particular needs - and capabilities. But the most usual appropriate response will be either a universal access programme or articulation within overall programmes to make them poor person and female sensitive and accessible. (Or on occasion the inverse - birth spacing education has usually been overwhelmingly 'targeted' at women. But men are perceived as a restraint on women practising it. If that is the case, either cross gender or parallel male focused education would seem to be needed).

The case of children is in one way very different from that of women or of poor households. Women and poor people know their priority griefs, problems, needs and capabilities quite well - better in the overwhelming majority of cases than do technical programme design experts! To find out begins with three very simple instructions: ask them; listen to them; learn from them. (Of course there are limits - a poor woman in a swamp zone knows her children's fevers and deaths are a grief and a problem, and that she needs help. That she knows the life cycle of the anopheles mosquito and can identify swamp drainage, prophylactic and curative options is not

to be assumed. The technical expert has, ought to have, something to contribute there.)

Asking children - especially under 5's - is clearly not feasible in the same way. (Under 15's may be quite a different matter as reading UNICEF quotes may suggest even if these appear to be used almost wholly for mobilisation not programme prioritisation, design or evaluation.) Here outsider observation is needed - but the closest observers with the longest time to observe in detail are household members and especially mothers. Setting an infant and under 5 mortality target number - e.g. 150 for 1998 in Mozambique down from 325-375 in 1986 and 275-300 in 1991 - is a technical exercise; giving it strategic priority is a macro political one; knowing it to be a need and having some of the detailed knowledge necessary to programme, as well as to implement achieving it, is something poor mothers know and feel strongly about.

The relationship of such poor person, gender and child conscious approach to Reconstruction's interaction with Structural Adjustment is complex. It can be negative - or positive. Since 1985 that has to a substantial degree depended on the priority women, children and poor people had in national priorities, to the competence with which programmes designed to meet their needs were built up and to the skill deployed on their behalf by national negotiators or mobilizers.

The World Bank and the IMF have certainly made mistakes and - especially the latter - are not naturally very household, gender, poor person or child conscious (any more than are most national senior Treasury officials or macro planners!). But they are in danger of being used as scapegoats for events over which they has little or no leverage (e.g. the collapse of world coffee prices, the wars in Ethiopia/Eritrea, the Horn, Southern Africa or SSA more generally) as well as those on which they have either been timorous or learnt courage later than they might (e.g. substantial external debt write-downs). Similarly, they are perfect scapegoats when a government, for quite different reasons, gives little or no priority to poverty reduction or universal primary education-water-health care and chooses to cut existing resources to these (or allocate new elsewhere) when what the IFIs demanded was a total expenditure ceiling. As a corrective to legitimate grievance over their pre-1985 insensitivity to basic services (since reversed - or returned to the Bank's own 1970s stance - when

countries push the issue) and their continued near deafness to both efficiency and "moral economy" (Adam Smith's term) arguments for minimum wages of at least 60% to 70% of the household absolute poverty line, it is healthy to recall that in 1991-92 they sharply challenged at least one country for spending too little on primary health care and holding minimum wages too low to the benefit of identifiable elite categories.

The detailed problems of interaction - e.g. the macroeconomic perspective usually views the poor person through the wrong end of a telescope and that simple fiscal, monetary and market tools are very crude instruments for poor households and victims of market failure more generally - will be reverted to later. The present points are that the conflict in principle and, with adequate government determination and case presenting, in practice as well can be overstated and that many Bank critics (on the basis of observed preference in resource allocation) do not themselves give more than lip service to poverty reduction, gender sensitivity or the needs of children. Whatever its other merits a Mahalonobis maximum investment and growth model quite overtly puts poverty reduction in the distant future treating capital stock as an end, labour (and workers) as a means, wages (as well as salaries) as input costs to be minimised and personal consumption as an unfortunate leakage. So does its capitalist analogue the "turnpike" model suggesting that the difference is "moral economy" weighting not standard left/right perceptions.

III.

Ethiopia: Some Special Contextual Features

The country for which the most detailed Reconstrucaio via Rehabilitacao pre-planning has been attempted is Mozambique where the roots of the exercise stretch back to the 1989 Struggle Against Absolute Poverty study and paper and detailed work at District and Provincial as well as National Planning Commission and sectoral Ministry level began in March 1992. The macro tables and notes from a parameter testing, consistency checking exercise for Mozambique are appended as Annex 1. They do give a snapshot of what a reconstruction focused on poor household livelihood rehabilitation (via enabling 'working capital' of food-tools-seed, extension, basic infrastructure renewal, basic human and social services restoration and

market access recreation) could be and the possible broad impact on output, food security and absolute poverty as well as fiscal and external balance.

However, Ethiopia is not Mozambique. Among the differences likely to be important in designing, prioritising, phasing and articulating a strategy are:

1. Ethiopia has never been free of major killing droughts (a sad distinction it shares only with Ethiopia in post internal combustion engine SSA) as a result of a combination of exceedingly weak rural transport, low civil governance capacities and - apparently - consistent low governmental priority to saving life as an overriding imperative;
2. GDP and food production data (for what they are worth) suggest that there is no five year period since they begin in the 1950s for which either output or food availability per capita rose while common sense suggests projecting that uniquely (in SSA) disastrous record back at least to 1935;
3. In many parts of Ethiopia the environmental degradation - and the pace at which it is advancing - are very serious (not the case in Mozambique) despite substantial anti-erosion and village forest efforts;
4. The layers of communal, feudal, conquest, security settlements (especially of highland soldiers in restive Lowland districts dating back at least to the Emperor Menelik and certainly continued by his imperial heir, Mengistu) and forced communalisation combined with environmental degradation, massive household food inadequacy and severe population pressure on land in many areas creates a nightmare for achieving secure use rights to land for residents now producing let alone those "pauperised in place" and most of all returnees;
5. The primary health and education systems of Ethiopia have never enjoyed top priority and never had the periods of healthy growth characterising most SSA countries (including Mozambique) with water probably even worse served and agricultural extension very uneven but generally poor (with some key exceptions heavily externally dependent) and probably eroding during the 1980s;

6. Ethiopia's climate is unhelpful. Many areas (both Highland and Lowland) are among the world's most highly drought prone, with clear implications for household food and income security. Other Lowland districts are tropical and wet which is a combination elsewhere associated with particularly intractable health (and death) problems. The Highlands are not at all tropical with adequate housing cost requirements much higher than in most (not all) of - say - Mozambique or Tanzania;
7. Ethiopia has been a classic empire, not a nation, and faces the traumas of deconstructing (presumably the agreed course in respect to Eritrea) or transforming (the optimal solution if a peaceful, participatory road to it can be traversed for Ethiopia proper). A Highland/Lowland dichotomy is far too simple (Tigreans were excluded Highlanders; Somali, Oromo and Nanakil/Afar self-perceptions are far from identical even within those slightly artifactual categories) but the problem of serious inter-group tensions is not reduced (or is exacerbated by that). The belated collapse of the overlapping Austro Hungarian and Ottoman Empires in what was Yugoslavia underlines the perils of deconstruction (at least within Ethiopia proper) and the disintegration of the Russian Empire (in its re-christened form of USSR) points to the perils of combined semi-amicable deconstruction and distinctly non-agreed and less than peaceful or participatory transformation within the successor states without the consent of national minorities and of historically distinct peoples who often straddle new international frontiers. While it is true that these imperial implosions with the centre unable to hold have been worsened (but not primarily caused) by the parallel collapse of what were (much more in the USSR than in Yugoslavia) highly elitist, centralised, authoritarian command economies that exacerbating factor exists in Ethiopia too.
8. While Ethiopia under Mengistu did build up an emergency relief and people movement/resettlement support capacity far greater than in any previous period, it appears to have been much weaker (and more centralised), much more dependent in some senses on external agencies and much more riddled by non-humane political purposes (and therefore much less trusted by absolutely poor households and forced migrants - a fortiori those it created itself) than is the case of its Southern African analogues in Botswana, Tanzania, Mozambique or even Angola.

That is a grim historical legacy. But unless it is faced, it will be impossible to identify ways and means to overcome it.

Certain other differences may be positive or at least capable of being made so:

- A. a higher proportion of Ethiopia's absolutely poor households are "pauperised in place" which does reduce transport home and land clearing hurdles;
- B. outside Eritrea there has been less physical war devastation (and over a briefer period) than in Mozambique and Angola;
- C. public finance - outside military expenditure - was prudent (not to say ultra conservative) until the final thrashings of the Mengistu regime's disintegration while military spending was profligate suggesting there may be a large potential peace reallocation to reconstruction (including that of ex-combatants livelihoods) to be achieved;
- D. Ethiopia has in the past received relatively little development aid (as opposed to military and emergency survival) so that if the latter can be transformed to support Reconstruction there should be potential for net additional resource flows via the previously trickling development assistance pipeline.
- E. The new Ethiopian government is not a lineal successor to the last and has no vested interest in verbal or real survival of inherited policies. The opportunity for change - at least in its first years - is, therefore, easier to seize than in cases in which a continuing or lineal descendant government is faced with the need for strategic repositioning.

Unfortunately none of the last three possible positive points is certain. Unless ex-combatants can be demobilised into productive livelihoods (perhaps via a halfway house period of combined labour intensive works construction, transport provision, soil and forest reclamation and training) there is unlikely to be much of a peace dividend since most hardware flows seem to have been on loan credit terms so ending them may free relatively few fiscal or foreign exchange resources. In a period of greater competition for external assistance (absolutely and relative to plausible flows) Ethiopia suffers from lack of established links to donor

agencies. Nobody loved, trusted or had high regard for the competence of the Mengistu regime (not even the governments of Cuba and the USSR or the Israeli intelligence apparatus, eager as at least the last two were to use it) which is a bad legacy however little it is the responsibility of the present government. Ethiopia, like Somalia, is widely perceived as a sometime cold war pawn which milked its patrons, wasted the resources and can now be thrown onto the scrap heap together with surplus missiles, submarines and tanks. This is grossly unfair to poor Somalis and Ethiopians who were the main victims of Cold War deployment by proxy in their countries, but that may not alter the force of and the damage done by the perception.

The chance to change can be let slip. Over time a new government acquires vested interests in what it does even if it inherited parts of it and continues doing them only because it never reflected (e.g. Mozambique still grants land "concessions" on the Portuguese model straight out of Alfonso da Albuquerque or "Mistah Kurz", the true "heart of darkness" in Conrad's book, and the institutions doing so have a vested interest in continuing - now increasingly challenged by other Ministries, by Provinces and by the sector familial).

Doubtless it would be easy to echo the words of a driver in the west-central interior Tete Province of Mozambique who when asked how to reach the Mueda Plateau in the northeastern coastal province of Cabo Delgado honestly but unhelpfully replied "Well, I sure wouldn't start from here". Ethiopians and Ethiopia have no choice but to start from here and now and to take careful stock of the detailed nature of that here and now and of where they both wish to go and can reach over what time perspective. Outside advisers (unless long resident in and committed to Ethiopia) have serious limitations in providing contextual knowledge. And all too many echo the words of ones who say "To plan today and fly away is to survive to plan in another place another day" or even the regional food security director who on receiving detailed information on an impending famine crisis put it in his pending tray, proceeded on annual overseas leave as scheduled and was irate on his return to discover others (ironically primarily from the national Ministry of Finance) had "meddled" to set up the parameters for a solution while he was away. Ethiopians - especially poor Ethiopian women and children have no such option.

IV.

Reconstruction Goals/Five Year Targets

Goals are about ends - absolute poverty reduction, food security, access to basic services. Targets are specific milestones on the road toward these ends to be achieved by a set time. In that sense targets are short term goals. Since Reconstruction through Livelihood Rehabilitation is by its nature a short term (optimally not over five years) strategic initiative, the goals and targets tend to come together because subsequent milestones will be for subsequent strategic initiatives building on the achievements (and hampered by the failures) of reconstruction.

For Ethiopia a first approximation to targets can be attempted but would need ongoing refinement before and during implementation. In part this flows from the gap-ridden, fragile and (probably) often downright wrong nature of currently available baseline data and in part from the indetermining of results of external resource mobilisation, reallocation of 'defence' spending and transformation of present Emergency Survival support flows with Reconstruction backing. One can only do these revisions in the process of planning and acting. In the first place the needs of war dislocated lives and livelihoods will not wait - to lose time is literally to lose lives. And, until convincing operational design work is at least begun, mobilisation, reallocation and transformation cannot (or at any rate will not) proceed very far. The process and dynamic (like most in truly applied economics and political economy) has no real option other than to be iterative and interactive.

The first approximation might well include:

1. Food Security - 90% average of basic WHO target calorie availability (versus probable 70% now) and not over 25% of households more than 20% below target (versus probably 60% or more now). No or very low famine deaths.

This implies the gross 'harvest' (before storage, transport, processing distribution) losses would need to rise from 12.5 to 13 million tonnes grain equivalent to 21 to 22 million (perhaps 5.0 million by direct Reconstruction beneficiaries, 1.5 million from growth in small family

farmer numbers and 2 million from other producers largely presently producing family sector farmers).

2. Land - secure use tenure secured for 90% of forced migrants (from war, natural calamity or economic disaster).

- equal access to land use tenure by female headed households.

3. Absolute poverty - reduction to 25% (versus probable over 50% now) - say 10% to 15% urban and 28% to 30% rural.

This, however, probably requires more general programmes in addition to Reconstruction per se whose direct and indirect impact might enable 1.5 to 1.75 million households (20% to 25% of total households) to raise their livelihoods out of absolute poverty.

4. Basic services access - 90% entry by 1998 and 70% completion rate for post 1993 entrants (versus about 50% and 25% today) with an implicit primary school enrollment of the order of 4,500,000).

- 10% enrollment of over 15's in adult education (not full time nor necessarily all year) implying total of about 2,500,000.

- .80 ratio of female to male (i.e. 44% girls) in primary education (versus .45 - 31% in 1985).

- 80% coverage for basic vaccinations (versus perhaps 30% now)

- 75% of population within 5 kilometres of primary health care facility with capacity to serve them (versus perhaps 40% now).

- life expectancy at birth of 55 years (versus 48 in the late 1980s).

- Infant and under 5 mortality of less than 150 (currently unknown as late 1980s of 200 appears optimistic because of underweighting poorest and most isolated rural areas).

- Access to nearby (500 metres urban, 1 kilometre rural) safe water 90% urban (about 50% now) and 40% rural (about 15% - 20% now).

5. Employment - urban 1.75 million formal and 1.0 million stable small enterprise informal (about 1.6 per household versus present unknown but substantially lower).
 - public service (excluding armed forces and infrastructural corporations) of the order of 500,000 (about 200,000 health/education, 125,000 water/works, 50,000 economic services, 50,000 general and specialised administration, 25,000 police, 50,000 all other) which is the minimum necessary for a basic human and social investment, extension services, infrastructure and basic plus specialised administration capacity on the basis of LTPS goals.
 - real minimum wage of 50% of the household absolute poverty line (probably of the order of 30% today).

6. Environment - reafforestation (primarily households, small enterprise, community windbreaks, woodlots and agro-forestry) equal to deforestation (versus supposed 15% to 20% today).
 - erosion and 'desertification' control on 75% of "at severe risk" areas (25% today?) and reclamation hectarage roughly equal to severe degradation (versus supposed 10% to 15% now).
 - in both cases seasonal labour intensive works projects within Reconstruction could play major roles in support of household and community efforts.

7. Gross Domestic Product - about \$500 per household for 2,000,000 direct beneficiary households (\$1,000 million) plus supporting services (transport, commerce), demand for urban products by rural residents reflation and multiplier gains of the same order of magnitude for a total direct/indirect increase of \$2,000 million. (This is not directly comparable to the World Bank 1990 GDP estimate of about \$6,000 million which is probably a serious underestimate.)

8. Fiscal - revenue flows from taxes (direct or indirect) on additional output, user participation and user charges of the order of \$250-300 million plus allocation of \$75-100 million of 'defence' savings to cover post Reconstruction recurrent and capital costs of the basic services and small scale infrastructure components of the programme.

9. Women in development - poses few problems as to goals nor are instruments all that hard to identify. However, targets are hard to set because there are no baseline data on workload, income

levels/budgetary obligations, pay relative to men in formal sector, etc. Judging by WDR-1992 the World Bank faces the same indicator problem.

The next three sections address means to achieve the targets in the rural and - rather different - urban context and the interaction between Reconstruction and the overall macroeconomic/national accounts structure.

V.

Toward Reconstruction and Rehabilitation - Rural

The requirements to enable forced migrants returning to rural areas and those "pauperised in place" to rehabilitate their livelihoods are relatively straightforward to sketch out:

1. access to adequate, appropriate land on secure, hereditary use tenure basis;
2. transport home - especially in cases in which their present residence of refuge is over 50 km away;
3. provision of tool kits (to clear bush, to rebuild homes, to plant and to till crops);
4. parallel provision of basic household kits (not least pails to reduce water collection time and, where destitution is near total, clothing);
5. initial seeds for planting, core smallstock and poultry (and to the extent possible cattle and oxen) as well as simple fishing gear to fishing village returnees;
6. food for the returnees to survive until they can win a harvest (effectively circulating capital in the Smithian/Marxian sense of that term);
7. restoration of basic human and social investment services - primary and adult education primary health care, water, agricultural extension;

8. rebuilding of local infrastructure - roads, bridges, culverts, the fixed capital of basic services (especially houses for personnel), administrative and market structures;
9. restoration of market access, e.g. through (commercial) loans to produce buyer-transporter-goods seller enterprises (private or cooperative) to recreate the rural commercial network;
10. augmentation of household sector cash incomes - especially until crop, livestock and fish production becomes adequate to allow significant sales - e.g. by using labour intensive seasonal approaches to infrastructure restoration.

To articulate these into operational programmes at national level is not particularly difficult (if political priority for doing so exists). The problem of identifying numbers to be served and particular elements (e.g. number of health posts where) is unmanageable nationally. Ideally it should be decentralised to district level. Given the weakness of District level personnel, in Ethiopia as in Mozambique and Angola (not only absolutely but in comparison with - e.g. - Zimbabwe or Tanzania where District staff levels and capacities are almost comparable to some countries' Provincial capacity), the interim approach almost has to be Provincial (except for information flow and routine operations) coordinated by Provincial Planning Commissions. Preliminary Mozambique results (which also include restoring CPP capacity and sense of direction) suggest this is possible over a fairly brief time span.

Institutional and temporal problems however are daunting. Emergency and refugee networks are oriented to deliveries to camps in areas of refuge - not to sub-district level in areas of return. Further, their basic operations have been food delivery focused (backed by some seed and a fairly negligible volume of other items), in a survival context not that of a rehabilitation package providing a reconstruction context. However, they have the only available delivery and logistical coordination mechanisms so need to handle items 2 through 6 on the list. Their involvement with 7 and 8, however, should switch at once to Provincial and Ministerial directorates (possible with an interim funds collection and automatic transfer residual role until clear Reconstruction Plan financial mobilisation modalities are up and running) because parallel health, education, water, works and transport plans and budgets are not efficient.

Decentralisation - more accurately as much formalising the wide range of de facto autonomies most Provinces/Regions have but often fail to use, and of backing them by capital budget allocations comparable to recurrent, as of making new allocations of responsibility/authority - is already on some - e.g. Mozambican - agendas. It is needed in Ethiopia. But to work decentralisation requires:

- a. increased personnel capacity (including massive upgrading and remedial training) first at Provincial/Regional and then at District levels;
- b. parallel broadening of participation of sector familial members particularly in programme component identification and prioritisation (e.g. through participatory rapid rural appraisal) and review (perhaps via District and Provincial/Regional Assemblies);
- c. building up domestic civil society/NGO (churches, mosques, women's groups, Red Cross chapters, co-ops, village associations) capacity to act (including making external NGOs accountable to them and generalising the Christian Aid pattern of operating through its domestic analogue and the Action Aid one of very close coordination with/action through local governance units).

Land allocation poses a complex problem, especially in Ethiopia. In some areas, land of reasonable quality is absolutely scarce. In others, land grabbing (including central government settlement of ex- or serving soldiers gives rise to grievances by original residents), while forced resettlement has frequently left both the 'host' community and 'incomers' aggrieved. Communal village/co-operative collectivization in many instances is coming under pressure for reversal (at least as to separate household allocation and tillage of land).

These problems cannot be resolved from Addis Ababa. Nor is it appropriate to delay action until a permanent land code can be designed, debated, adopted. The first step should be to restore local (extended household, clan, village) allocation of use-hold tenures, secure and heritable so long as used wherever these very common African systems survive, can be revived or can readily be substituted for moribund communal village or feudal tenure arrangements. In many cases local elders operating on this basis plus a local dispute resolution by mediation body could settle virtually all land allocation issues.

But three problems arise:

1. the principle of any Ethiopian's right to live and to apply for land in any district should be asserted but subject to the committee's right to give first preference to residents and returnees and to incomers acceptance of local land management regulations. The latter is important both in cases needing community anti-erosion and reforestation action and for pastoral areas where the so-called "tragedy of the commons" is in fact the tragedy of external erosion of previously effective community pasture, water access and - therefore - stock level management systems.
2. If agreement by both sides (and until there is agreement there are two sides) is attainable incomers (whether they came by force or as forced migrants) should be confirmed in use tenure of adequate holdings. But recent settlers who have been settled by expulsion of long time residents (e.g. in Awash Valley) may need to be resettled if forced out-migrants insist on right of return. And forced in-migrants will often insist on going home. In those cases Provincial and/or State action will be needed to ensure that the shifts are not violent, life threatening or leaving a substantial unresettled landless group.
3. In land short areas both halting/reversing land degradation and sheer inability to supply each household with a living plot will prevent total return and create a case for State/Provincial assisted voluntary household relocation to acceptable sites in land surplus areas. The past politically forced migrations bedevil this route - Tigre's agricultural population is probably too high to preserve the land or even short term household incomes but Tigreans are - with good reason - hostile to government resettlement schemes because of Comrade Emperor Ras Mengistu's programme. Perhaps facilitating inspection of proposed new sites and encouraging movement grouped households (self-selected) able to form new but familiar villages - an approach practiced voluntarily and successfully by several Tanzanian communities including at least one pastoral one - would be a way forward.

No uniform or permanently codified system is either necessary, prudent nor (on the ground) possible now. Once a series of viable micro resolutions are to hand their local rules can be examined with a view to codification and integration into local government. In the interim, no new "freehold",

"plantation" or similar grants should be made until actual observation shows the land to be truly vacant and also not part of a community long rotation cycle reserve.

One reform needing immediate implementation (by a national guide-line directive) is equal access for female headed households. Traditionally some adult male was in many societies (though less uniformly so in Highland Ethiopia than in most of SSA) responsible for any female so a female headed household could not, by definition, exist. The responsibility leg of this approach no longer functions uniformly and at least 25% of returning households will be female headed, so this is one area in which local diversity should be avoided.

The worst problems are perceptual and temporal. The temporal one is appallingly simple:

- a. most refugees and domestic forced migrants will move home as soon as they believe it to be safe;
- b. while their judgement of physical security is - on past evidence - good, that of food availability - also on past evidence - is uneven;
- c. in the present context of drought (with water and food scarce) returning home is likely over wide ranges of Ethiopia (as of Mozambique) to be life threatening unless and until sub-district registration and food-tool-seed kit distribution centres are set up;
- d. because of bush clearing and home rebuilding requirements the optimal 'window of return' is just after to six months before the main harvest, too late for many for 1993 crops unless already back;
- e. but although many official government (and many NGOs) positions advocate such delayed return, it is the fact that their appeals have little weight, by now a majority of Ethiopian forced migrants probably have gone home;
- f. and, unfortunately, traditional household coping mechanisms of keeping some family members in camp (at least part of the time) to draw rations while others restore the livelihood base are likely to be perceived by at least some aid agencies and NGOs as fraud, not as sensible household survival and recovery strategies which reduce the present risks to life

and enhance the future livelihood regaining prospect of forced migrants. This bureaucratic formalism versus livelihood renewal and even life itself also characterises UNHCR in Southern Africa.

The last point is one of the areas in which a radical change in perspective is needed. Except for short distance returnees able to build up a food reserve in their place of refuge, a food as working capital supply until crops are won is a necessary input into rehabilitation.

A second necessary perception change is acceptance that the practicable must dominate the preferable (or under different circumstances even operationally desirable). A neat, stylized five year Reconstruction exercise (as plotted out in Mozambique) is heuristically useful but only if modified to take account of the uncertainties of how many will return where, when, of how many resources can be mobilised from which sources for what uses, how fast when these facts become known. Interim measures will be needed: e.g. 1992 and 1993 financing of the food and kit package via Emergencia and indeed using it to distribute them because other funding and distributing channels cannot be set up in time.

The third reformulation is that of shifting from an emergency survival to a reconstruction through rehabilitation of livelihoods mode. The bureaucratic procedures and perspectives of the ongoing emergency operation in Mozambique (and probably in Ethiopia) pose particular problems in this respect (as a fortiori do those of at least one of its 'advisers', CARE).

For example, whatever the previous need to centralise national transport in a single agency and/or to have parallel externally run food distribution transport channels these are most unhelpful for reconstruction. A coordinated system contracting out as much as possible to enterprise hauliers bidding for a given number of loads over a given time and - subject to delivering that amount in that time span - free to carry other cargo including backhaul loads of rural production is much more domestic transport and commerce, as well as rural income, enabling.

Broad access, low unit cost, minimum necessary administration as key criteria also represent a change of vision - less perhaps for emergency operations than for others. Donors and their technical advisers tend to 'gold plate' proposed projects in ways raising unit costs, limiting access and multiplying high level (in practice expatriate) personnel requirements

- and take 18 months to send back their 'improved' (mutant?) counterproposals. For supporting and enabling forced migrants in a poor country that is a disastrous optic.

Similarly, whether to give initial food rations and kits or provide them on term loan and whether to needs test returnees are not ultimately issues of ideology or theory but of realism. 1,000,000 \$100 household kit loans repayable over five years would cost more to administer than could be collected and would prevent any sane priorities for financial sector rehabilitation - unlike 3,000 to 5,000 commercial rate loans to rural commercial enterprises which would be manageable and could contribute to financial sector capacity building. Similarly, 80% of returning forced migrants will be destitute and 19% "absolutely poor but not destitute". To suppose it is worth spending scarce time trying to identify the 1% or that grant support in the year of return will hamper market recovery is absurd.

Related is the need to have approximately correct numbers soon enough to use - not precisely wrong projections or highly sophisticated surveys processed three years after the event. Subsidiarity applies - detailed data on numbers are needed at district level and less detailed aggregations at provincial and national. This is urgent both for those now back and those likely to follow.

A special conceptual problem can be put as limiting leakage without creating non-functional absurdity. Schools for former forced migrants alone make no sense; but nor does criticising rural road construction or agricultural extension because others will benefit too. More controversially if one believes access to - preferably competitive - markets is crucial to livelihood rehabilitation, there is a need to identify the capital requirements (basically lorries and stocks of goods) of small scale rural merchant/transporters and whether loan finance is in fact available to meet them. Commercial rate loans to such entrepreneurs (private or co-operative) and their use as haulage subcontractors for other programme elements are beneficial to absolutely poor, returning forced migrants. To argue the reverse is remarkably pure reductionism - even Chairman Mao's avowed rural goal was "all boats float higher".

The final two perception changes needed relate to coordination and wholeness. If one accepts the proposition that the core requirements - after divergent transport and demobilisation allowance elements - of rural

refugees, forced migrants, demobilised ex-combatants and pauperised in place households are basically the same with variety within more than between groups, then it follows there should be a common set of programmes operated at District and Provincial/Regional levels, and largely designed and budgeted at Provincial/Regional, within a common national strategic framework. Doubtless numerous institutions need to be involved - one hardly wants a super agency muddling up agricultural extension, village health worker training, labour intensive works etc. at detailed design or operational level. But they are not divided among categories of war afflicted absolutely poor rural households.

In practice UNHCR, UNDP, external NGO and national emergency bodies rarely perceive the problem that way. Each looks at its piece of the problem and stakes out territory by proposing separate programme (all of them totally outside mainline ministerial and territorial administrative or legislative structures). This is not in the interests of forced migrants nor of national, governmental and civil society recapacitation. Au contraire!

There are no inherent barriers to a single strategic approach: a.) UNHCR's mandate does allow it to expend funds on former refugee livelihood rehabilitation via agents. Thus it could fund a proportion of agreed programme cost equal to the proportion of ex-refugees among programme beneficiaries; b.) UNDP's purpose is providing support for government strategic goals and coordinating that of other UN family bodies (excluding in practice the IMF and World Bank) not of creating or maintaining parallel national logistical or planning mechanisms for itself and WFP; c.) the permanent role of emergency bodies is in respect to calamities and their expertise in the logistics of distribution of a limited range of goods, not parallel government operations fragmenting water, health, education and works programming.

Finally, external bodies (well beyond UNHCR and UNDP) need to consider whether they intend to operate reconstruction as independent Platonic guardians. With the best will in the world - which is not always present - that approach fragments and decapitates host government and domestic NGOs/civil society bodies. Also it makes a mockery of external preaching of participation and accountability - e.g. how USAID and CARE operate speaks much more loudly than how they enjoin others to operate.

If a strategic priority for reconstruction in support of rural forced migrant household livelihood rehabilitation is to function effectively and to contribute to participatory governance it must be "locally owned" (as the World Bank says, and to a growing extent practices in respect to Structural Adjustment Policy Framework Papers - especially ones on poverty vide the Mozambique PFP). That does require much more operation within national, provincial and regional frameworks; more agreed division of labour; greater accountability to domestic actors (including accepting the validity of their basic goals and approaches unless they are demonstrably wrong or impracticable); less 'independent' external operations; more secondment of staff to serve as temporary national civil (or civil society agency) servants. It is a challenge just as much to most external NGOs as to bilateral and multilateral aid agencies.

In respect to women, the basic need is ensuring/attaining equal access: to land, to education, to extension services, to credit, to employment (e.g. in labour intensive seasonal works projects). To do so may require regulations - e.g. Botswana failed to achieve plausible proportions of female employees in either regular or drought relief works programmes until it set a 30% floor, after which no problems in finding candidates or of male opposition were noted. They may also require special sub-programmes. An example is access to draught power where animal drawn cultivation is the norm. In most traditional divisions of labour women do not engage in animal management. Most female headed households do not own draught animals nor have resources to hire them, either at all or at prime ploughing time. Hoe cultivation reduces acreage, late ploughing reduces yields. One way forward would be to assist female headed (and other poor) households to set up cooperatives to own draught animals (or animal) and ploughs (or plough) and to provide training in their use.

Other programmes are de facto female (and child) oriented. Nutrition in agricultural extension - a better base location than health although the two should work together perhaps with a research, advisory and training institution which is joint or autonomous (the Tanzanian model) - is likely to be largely to women because they grow the 'secondary' crops most likely to be added and because putting food on the table and caring for children are primarily a female responsibilities. The Iringa programme has been cited and indicates an interaction with community child care and feeding. That implies the need for adult education courses - evening or short term

full time - in organising and managing child care and group feeding well beyond traditional nutrition education.

VI.

Absolute Poverty Reduction - Urban Aspects

The question of how to enable urban resident war displaced persons who choose not to return to rural areas to rise out of absolute poverty or destitution is harder to reconceptualise at strategic level than is the rural. In fact the forced migrant focus may be a poor entry point to reducing urban poverty:

1. the largest single contribution to reviving urban employment ('formal' and 'informal') and incomes would be revival of rural production (providing food and raw materials which create through their sale effective demand for urban goods and services). This is particularly true of Mozambique but probably almost equally so for Ethiopia.
2. the main mechanism for reducing absolute poverty is increasing real wages (currently - after an increase fought through in the teeth of external opposition - about \$20 a month versus a \$75 per month household absolute poverty line in Mozambique and all too probably not much better in Ethiopia) both to reduce poverty and to increase economic efficiency (which turns on labour cost per unit of output not per day);
3. with the second key mechanism increasing both recorded and unrecorded (so called "informal sector") wage employment;
4. plus some form of safety net income transfers to destitute households;
5. in a context in which absolute poverty is probably over 33% and within it destitution (under \$50 a month household expenditure) at or over 20%;
6. and in which the typical household above the destitution line has more than one source of income and more than one earner - including at least one recorded wage earner;

7. while most destitute and absolutely poor households suffer from low real wages and too many mouths per economically active pair of hands, not unemployment nor literal underemployment in the sense of unused time.

This model is based on the Maputo Household Survey and its analysis in the context of Mozambique's strategic priority to absolute poverty reduction. It also reflects a situation in which there are of the order of 200,000 formal sector jobs for 200,000 households combined with wage employment of perhaps 75,000, petty trade and commercial day credit/putting out 'self' employment of perhaps 100,000, 35,000 urban agriculturists, artisans, day labourers and 15,000 'informal' micro enterprise or substantial stall shop proprietors. In Ethiopia the relative size of the so-called informal sector may be different and its make-up may also diverge. Finding out is part of the task of urban household surveys. In Addis Ababa and other main towns, creating more recorded or 'informal' (micro enterprise, construction team, artisanal and petty commercial "day credit", i.e. or putting out or day labour) employment might logically take pride of place, but real wage increases and safety nets would be important complements in any holistic approach.

The model suggests that while in rural areas livelihood rehabilitation for forced migrants and other war afflicted (pauperised in place, ex-combatant) households is the appropriate strategic organising focus, in urban areas it is absolutely poor/destitute household livelihood rehabilitation which provides the best focus. In Mozambique under 5% of forced migrants are urban residents and they constitute under 15% of the urban absolutely poor with not very evident special characteristics differentiating them from other absolutely poor households in ways either justifying or requiring separate programmes. In Ethiopia forced migrants and demobilised ex-combatants may be a significantly larger proportion but are not particularly likely to have characteristics widely divergent from other urban absolutely poor or destitute persons.

There is one real distinction - probable potential returnees to rural areas versus probable permanent urban residents. Even though Ethiopia's urban population has grown it is under 25% (moderate to low by African standards) suggesting rural economic push and - perhaps - urban pull is more explanatory than war as such. But for whatever reason they came, peri-

urban and ex-urban households living in destitution or absolute poverty may - in the context of functioning rural livelihood rehabilitation enabling actions and a reviving rural economy - wish to return. How many (and under what conditions) can only be estimated after a carefully designed and administered survey.

There is another problem at strategic level - urban poverty reduction programming in SSA has had little systematic attention and less success, partly because until the 1980s urban absolutely poor were a very small proportion of all absolutely poor households and also were - or at least were believed to be - a small proportion of all urban households. A check list of component measures toward a strategy can be identified but even in Mozambique which has sought to build from pilot projects to programmes, most are not clearly articulated nor is there capacity for more than broad "testing" type operations:

1. protecting real minimum wages and pushing them up within five years to 50% to 60% of the households absolute poverty line;
2. operating within a macro economic policy framework and with a complementary rural Reconstruction strategy enabling and fuelling revival of urban purchases from and production/sales to the countryside to boost employment (recorded and "informal") and real wages;
3. providing technical assistance, training and (commercial rate) credit to micro enterprises and to artisans/household enterprises;
4. restoring and expanding small scale peri urban infrastructure (e.g. roads, drainage, peri-urban agricultural plot zone infrastructure as well as that for primary health, education and water supply services);
5. expanding basic human and social investment services (health-education-water-sanitation-extension) toward universal access;
6. creating income transfer safety nets for destitute households.

In each area there are working examples in Mozambique (by the fourth quarter of 1992 the income transfer safety net had reached 100,000 people rising at 7,500 to 10,000 per month toward a nominal eligibility estimate of 900,000) but there is not, to date, broad access (even on basic services beyond health and the first three years of education) nor an integrated

strategic approach. On the face of it Ethiopia has even further to go to achieve an articulated strategy.

To ensure women's access to the benefits of the urban livelihood rehabilitation/employment expansion programme it is first necessary to identify the barriers (and possible stiles over them). For example:

- a. lack of skills which are marketable and/or productivity raising (specific adult education programmes or affirmative action to ensure women have access to existing ones);
- b. domestic responsibilities preventing livelihood generation, which apparently affects a quarter of Maputo's women (low cost, user financed community day care schemes with training for women who would operate them);
- c. non-employment by micro and formal enterprises outside narrowly defined areas (educational/moral suasion approach to large employers - not least the government service!; assistance in training, technical assistance to women's production co-operative societies);
- d. non-access to credit (moral suasion on lenders and/or loan schemes for female artisans, traders, cooperatives operated by existing financial institutions but initially on an agency basis).

These should not be seen as targeted solely on female headed households. The typical two adult African household requires at least two earners to stay above the absolute poverty line. The low cost, quasi traditional (a slightly modernised 'substitute grandmother') approach to child care should not only help poor women raise household incomes and particularly the portion directed to children but also reduce the trade-off between working so children can eat adequately, and staying home to take better care of them.

VII.

Is Reconstruction Financeable? Sustainable? Efficient?

No strategic option in Sub-Saharan Africa is saleable unless it can demonstrate some claim to be financeable, financially sustainable once initial resource injections are completed and at least moderately output value/input cost efficient. That is particularly true of countries whose budgets, import capacity and senior technical personnel cadres are heavily dependent on external transfers. The "particularly" certainly applies to Ethiopia in respect to expansion of activities if less so to ongoing levels.

To attempt detailed macro economic costings and output generation impact, export/import and revenue generation vs costs of continuing (basic service/infrastructure/safety net) operations after Reconstruction proper as well as potential contributions to national food balance and reduction of the proportion of households in absolute poverty in any SSA war afflicted state has, at present, a certain resemblance to trying to make a brick wall from a handful of straws.

However, fairly rough orders of magnitude projections which have some claim to being attainable have been made for Mozambique. It is desirable that an analogous exercise be attempted in Ethiopia. To do so is necessary to validate the strategy as potentially feasible (and thereby to mobilise resources for it) and to create a workable overall framework for articulating, phasing, financing and acting. Mozambique has carried out such an exercise. Tables showing some of the main parameters - but having in themselves no official standing - appear as the Annex to this paper. No similar exercise - and especially quantification - appears to have been attempted elsewhere.

One point not clearly stressed in the Tables is very important. The total annual cost to the international community of Emergency Programme support to Mozambique and to Mozambican refugees is of the order of \$500 million a year. Therefore, over a nominal (and for institutional, personnel and knowledge reasons, probably actual) five year Reconstruction/Rehabilitation Programme a total of \$2,500 million (less continuing survival support especially in the first two years) can be made available without

additional overall external transfers. The total programme cost is estimated at \$2,000 million (Annex - Tables 2, 3 and 4).

More detailed implications from the projections are:

- a. a cost of \$1,750 per household whose livelihood rehabilitation is made possible (plus about \$1,500 of its own labour and time investment in clearing, rebuilding and training) including services, infrastructure, loans for employment and commercial network restoration and expansion;
- b. with an overall GDP payoff by the year after the 5 Year Programme (nominally 1998/99) of the order of \$900 million;
- c. a "1998/99" net budgetary improvement of \$20 million plus (including a \$50 million reduction of defence costs);
- d. a broadly neutral (\$140 million each way) external balance impact;
- e. on the order of 3,000,000 tonnes grain equivalent additional food production allowing a national food deficit reduction to about 7% (10% urban/6% rural) consistent with a reduction in food aid from 500,000 to 200,000 tonnes;
- f. absolute poverty reduction from 65% of all households in 1990/91 to 24% in 1998/99 (and from 90% to 25% for the 1,000,000 households requiring livelihood rehabilitation empowerment);
- g. significant increases in total external resource transfers in the first half of the programme period (against a base excluding refugee support) but lower ones by the end of the programme.

These results appear to be broadly attainable (assuming the strategy is sold and funded) even if they are clearly order of magnitude not econometric projections. In one sense they are very modest - restoring Mozambique's overall household social and economic position as of 1998/99 to slightly better than Tanzania's today. But for absolutely poor Mozambicans that would be a massive achievement and would lay a base (not least in restored confidence in the possibility of forward progress) for a positive dynamic from the achieved base. This may be even truer for Ethiopia whose past does not contain any period comparable to the 1975-80 (post independence/pre-severe war cost) dynamic progress era in Mozambique.

The Ethiopian preliminary estimation results would diverge from Mozambique's not simply in volume but also presumptively in makeup because of a different production structure. However the general relationships and magnitudes of change would appear likely to be similar even though on the face of it a larger proportion (as well as volume) of sector familial/cooperative-communal agricultural output must be being marketed in Ethiopia than in Mozambique or there would be mass urban starvation.

The dollar magnitudes are not directly comparable to present GDP estimates. These are currently absurdly low for countries such as Mozambique, Tanzania and Angola. The basic cause is use of prices in respect to domestic use directed GDP (self provisioning and marketed) which are gross underestimates of reality. This is compounded by the absence of meaningful domestic price indices (for consumer prices and for sectoral input and labour costs). The absurdity is most evident in Tanzania where the basic GDP series (constant price in shillings) shows a per capita rise of about 5% over 1986-1991 but the current price dollar data show a fall in the order of over a third!).

The population and population growth data (projections) for Ethiopia - as for Mozambique and Tanzania are likely to overstate reality. Based on straight line projections (which probably overestimated population growth in the first place) the present estimates take no account of the 'excess' deaths resulting from the interaction of drought-war-malnutrition-exiguous health services-forced migration. In Mozambique - probably a more extreme case probable 1991 population (including refugees) was of the order of 12½% below UN projections.

VIII.

Reconstruction versus/with Structural Adjustment

It has been argued above that Reconstruction/Livelihood Rehabilitation can logically be viewed as a major component in (not merely a complement to, or a palliative sugar coating for) Structural Adjustment. This is particularly the case when - as in Ethiopia rapid production gains, absolute poverty reduction, strengthening of material and household food security and growing finance for basic services - extension - small scale

infrastructure require rapid rural family sector production recovery. The previous section and the Annex sketch the macro implications and sustainability of such a strategy.

However, there is a distinct gap between the potential existence of positive interaction and its attainment. This is particularly true in respect to women and children and of the IMF input into Structural Adjustment. The IMF's focus is both macroeconomic and monetary whereas Reconstruction focussed on livelihood rehabilitation is aggregated up from micro real (physical) components. It is therefore remarkably easy for the macro design to fail to be alert to micro opportunities it would block or to means to avert such blockages without shattering macro-balance objectives. Similarly, from the household/micro (and even the sub-sectoral) levels, it is not intuitively obvious how barriers caused by particular institutionalisations of macro policy could be overcome without overturning the policy. In many cases the key actors rarely meet to resolve divergent approaches to common objectives (presumably macro policy makers do want more labour intensive rural and urban production while livelihood rehabilitation designers want transparent, competitive commercial sectors with goods to sell and do not want runaway inflation whether open or concealed) and when they do talk past each other because their styles, discourse patterns and range of focus do not match.

The same conflict arises in respect to World Bank and, often, national government inputs but in these case intra-institutionally. World Bank sectoral missions and studies very frequently broadly, or even specifically, endorse most of the Reconstruction components put forward. What they do not usually do is to relate them to each other to allow even rough macro economic impact assessment. Policy Framework Paper and - especially - Public Finance contributions (like the Fund's) tend to be too general and - when presented with Reconstruction as a series of apparently separate expenditure programmes - often become both highly sceptical as to output gains and highly alarmed at cost increases apparently not balanced either by reallocation (especially when Emergency programmes are seen as separate and non-fungible) or by additional fiscal revenue (very rarely estimated at all by Reconstruction/Livelihood Rehabilitation proponents and designers). The same cleavage of approaches and perceptions frequently emerges between national Ministries of Finance (and Central Banks) and Sectoral Ministries plus District and Provincial/Regional authorities. In

that context the role of the central Economic Policy and Planning unit (however titled, wherever located) is crucial. It is its business to collect the micro and sectoral; put them into a macroeconomic frame; test (and if necessary revise) for consistency and sustainability; provide plausible mobilisation scenarios and sales pitches so that the Ministry of Finance has a clear picture what the Reconstruction Plan would mean for it on a medium term, double entry bookkeeping basis. The World Bank - perhaps surprisingly - really has no analogous unit at operational level to aggregate sectoral into macro so that - perhaps desirably - the national unit must take the lead in convincing the Bank's dominant macro and budget economists.

If the stress on convincing the Bank seems too great, it is a pragmatic one. War devastated economies can rarely mount rapid Reconstruction programmes without transforming Emergency flows and increasing (as well as reallocating) other ODA. Angola is a possible exception because of its very large and - under post war conditions - rapidly expandable exports. Ethiopia, unfortunately, is not.

It is a fact that neither conversion of Emergency human survival into Reconstruction livelihood rehabilitation support nor increases will happen unless major resource transferors are convinced the proposed strategy and its components are sound. To do that without World Bank endorsement is very difficult - probably impossible if past economic policy has been radically unsuccessful. The strongest correlation in respect to World Bank/IMF endorsed SAPs in SSA in the 1980s was with rises in non-Emergency soft resource inflows (matched by a negative correlation for being economically depressed but without an IFI endorsed SAP). The pivotal role of the Bank in providing Northern credibility and mobilising resources for (and not infrequently, urging the IMF to be flexible toward) country strategies it approves (which with a limited flow automatically disadvantages others even if it does not overtly argue for it) may or may not be a good thing. It is a fact.

That fact has a counter-intuitive implication - presenting Emergency programmes and their restructuring into Reconstruction to Consultative Groups with Bank support is likely to be desirable. A single presentation of fiscal and import capacity needs is logically preferable to two ill coordinated ones. And the Bank is more attuned to the concept of

reallocating or transmitting Emergency survival flows into Reconstruction rather than cutting them down rapidly after peace with no built in tendency to raise 'other' ODA than are many bilateral agencies who treat them in watertight institutional compartments. At one level the Bank/UNDP disagreement on this may appear to be (and probably is) an institutional territory struggle. But UNDP has no great macro economic expertise and does not (outside Emergency aid coordination) carry the same weight with bilateral resource providers the Bank does. Indeed its Roundtable analogue to the Bank sponsored (or co-sponsored with the recipient) Consultative Group mechanism is virtually universally seen as a second best for a country whom the Bank has turned away because it believes "They haven't got their act together".

The main specific areas in which macro policy frames and Reconstruction oriented strategies may come into conflict are

1. Public finance
2. External balance
3. Credit ceilings
4. Liberalisation and especially its phasing
5. Privatisation
6. Phasing toward balance (sustainable imbalance).

Public finance issues turn on cash flow and sustainability. As the Annex Tables show Reconstruction will have a substantial early cash flow deficit on both capital and recurrent account. That is hardly unusual so the Treasury concern is the usual and negotiable one of size and phasing.

The key point is that - allowing for defence savings - Reconstruction should be able to "break even" on Treasury account by years 5 and generate enough revenue to sustain subsequent operation and maintenance of basic services plus extension of small scale infrastructure from:

- a. cash fees and charges (primarily for water)
- b. community participation in the provision of labour, materials and services (treated either as a double entry budget line or as a Treasury cost reduction)
- c. indirect tax revenue on urban, transport and commercial services purchased out of additional income generated.

Except for water, the first head is nearly negligible fiscally - even the Bank has resiled from hopes for a high proportion of basic service costs being feeable. The collection (and leading into corruption) and access restriction costs of myriads of small charges are, in fact, a hydra headed nightmare. Participation in planning, design and operation by users - especially in rural and peri urban areas - can yield much more in labour (construction, maintenance, cleaning), food (for schools, clinics and as staff income supplements), materials (e.g. simple furniture) and even cash (mobilised by a user/operator committee). It also (perhaps more important) involves users in ways likely to make services and projects more relevant and of higher quality.

But the basic revenue source will be indirect taxation (plus some income and profits tax on supporting or employing transport, commercial and micro enterprise operations). If the country has a broad base indirect tax (ideally three or four rate single point sales tax) then virtually all non-basic food (logically zero rated for both equity and administrative feasibility reasons) expenditure will be taxed. This underlines the importance of enabling rural households to produce saleable surpluses (whether of domestic food and raw materials or exportables), so that they have purchasing power. (Granted only a Treasury would see the prime reason for this as broadening the indirect tax base, but that is one significant reason from any balanced macro economic or political economic perspective.)

External balance implications are rather harder to estimate. But if the production by poor people is largely in tradeables (domestic food and raw materials which reduce import requirements and exportables which earn foreign exchange) and the output/cost ratios are plausible, the impact should be neutral to positive. The Annex Tables bear this out but also underline that forming a rather unusual rural or micro enterprise production mix Reconstruction will not cure a structural trade deficit. By its nature it is less import intensive than most sets of projects/services but also not usually particularly export intensive. The real income increase impact is to raise imports (as it true of all successful income generating programmes), so balance (after initial investment and start up costs mobilised abroad or via reallocation of Emergency and former defense import flows) is the probable result.

That too is not unacceptable to a Treasury or Central Bank (or World Bank team). They know any income growth sucks in imports and are much more concerned that it also saves other imports or generates exports of a comparable magnitude than that it is in itself a major trade gap closing tool.

Credit ceilings pose more serious problems. They are calculated on macro monetary projections of dubious realism which bias them downward, with no parallel real requirement cross check calculation of working capital increases needed to sustain and expand output. As a result they may or may not put a cap on (or even contribute to reducing) inflation but usually also squeeze down otherwise attainable output growth which would not by itself be inflationary. (Oddly they are a form of relatively crude, centralised, administrative intervention, but one with which the Fund and - less whole-heartedly - the Bank agree; in that sense they parallel IFI support for anti, or at any rate non, market capping of public sector real wages and salaries at sub-efficient levels.)

There is a case for Economic Policy and Planning units and Central Banks running estimates of real working capital requirements for targeted output growth as an input into credit management. But that is not primarily a Reconstruction issue. The macro contribution Reconstruction can make is - as noted above - achieving a moderately positive fiscal balance in a finite period thus reducing the overall government domestic bank borrowing requirement.

Beyond that the case to be made is more specific:

- a. credit for transport and commerce to handle growth of cost efficient output is not in itself inflationary;
- b. the initial fixed (lorries, lockups or warehouses) and working (goods to sell in return for produce bought) capital requirements are import intensive and will initially require soft external finance (whether programme specific or general import support);
- c. a parallel case applies to goods producing micro enterprises;
- d. the banking systems of most countries needing major Reconstruction strategic programmes are weak and have little - if any - medium term loan experience;

- e. given credit ceilings, they (and especially the private banks among them) will prefer to allocate credit to known successful, expanding customers to reduce transaction costs and risks thus tending to freeze out newcomers (an example of market failure even brief discussion with - e.g. - Bank Standard - Totta in Mozambique or the National Bank of Commerce in Tanzania flags);
- f. therefore, new specialised medium term credit institutions can and should be created capitalised from soft external finance (and perhaps by a joint venture partner such as the Commonwealth Development Corporation or one of the merchant/investment banks based in Harare or Nairobi) and employing a limited number of specialist staff (initially with a key expatriate component). With perhaps 500 to 750 commercial and transport loans and a similar number to micro enterprises are needed, the mechanics are manageable.

That route takes Reconstruction's main commercial credit requirement outside the commercial banking system and its credit ceiling. The World Bank at least is not inherently ill disposed to such an approach and has financed analogues in the micro enterprise sector.

Small family farmers' primary need is not medium term credit. It is a marketing system that has the resources to buy and to pay for their crops on time and to provide limited inputs of seasonal credit. The latter is usually from a buyer - a cooperative, marketing board or produce buyer-transporter-merchant. The inflationary problem arises if the marketing system looses money and finances by bank borrowing and/or builds up intra year reserves for macro economic and social reasons with no prior estimates on cost recovery and allocation of burdens. These problems do need to be solved but are not part of Reconstruction and Livelihood Rehabilitation. The Reconstruction concern is that retail buyers with cash to pay (and goods to sell) exist and can recover their outlays promptly from wholesalers (public or private). The Bank - albeit probably not the Fund - accepts that as a bottom line for agricultural marketing systems so that while debate on ways and means may be intense there is no ideological conflict.

Liberalisation as a pragmatic instrument is no enemy of Reconstruction/Livelihood Rehabilitation. Au contraire, decentralisation, participation and flexibility make out a strong case for small to medium

scale, competitive, cost efficient enterprises (whether private, cooperative or - less commonly - local government owned). Parallel markets, rampant inflation and detailed bureaucratic allocation of credit and foreign exchange (even within sensible economic criteria) do not in practice benefit the poor (nor the type of entrepreneur who produces the goods and services required in less fraught conditions). They also make it much harder for macro and sectoral policy makers to understand reality and its dynamics, to make selective interventions and to render these interventions effective.

Neo-classical applied economics (including macro) accepts the need for market management and the reality of market failures and therefore the potential value of selective interventions. External economy/diseconomy and time flow of costs/benefits analysis can demonstrate the cases for "buyers of last resort" (e.g. to ensure viable domestic food grower prices and prevent highly destabilising price savings or local oligopsonistic exploitation), free primary and basic adult education (and health care), insurance analogue health charges (not time of use loaded ones), minimum income support ("safety nets"), initial or post crisis recovery period 'protection' (tariff, subsidy, free service provision) to economic enterprises, anti-dumping tariffs (e.g. against USA or EEC subsidised grain exports if these distort/threaten the domestic agricultural sector).

In dealing with enterprises, external governments and the World Bank it pays to argue for selective intervention on those grounds and not to retreat to rhetoric or attempt to make a case for a complete planner directed "shadow market" enforced by fiat. The former route leads (can lead) to pragmatic case by case dialogue on ways and means and on a selective intervention framework. That will not be an easy dialogue but it can achieve positive results - as demonstrated in Mozambique which has very few objective strengths to use to alter resource provider preferences (or biases) and must proceed by convincing them. The other routes lead to ideological morasses and either expensive losses in resource flows or imposed policies far worse than could have been negotiated.

The Bank - at bottom - is pragmatic. Its ultra market rhetoric is not without belief or substantive counterparts but has always been partly with an eye to its Northern public relations and the political rhetoric fashionable in Washington. Further the Bank does learn by experience - the

Long Term Perspective Study and Poverty Reductions underline this. In both the free markets make free men in a growing world rhetoric remains - albeit a bit less triumphalist. But it sits oddly with the pragmatic objective content over half of which deals with state roles, market management and how to improve market functioning by intervention. So much so indeed that at least in the former case one is forced to believe the rhetoric was put in later by another hand rather like rolls of sugar icing squeezed on a cake (and perhaps with a similar cloying effect).

The problems of timing and sequencing are real. Zimbabwe 1991 demonstrates how real. Transition from a cautious 1984-1990 domestic designed Structural Adjustment plus War Finance to a dash for liberalisation freeing of all external account import controls turned a 4½% annual output growth trend into a "free fall", created a vicious devaluation/inflation/devaluation spiral, destabilised both fiscal and monetary dynamics and (judging both by comments in the financial press and the stock markets "free fall") shattered the animal spirits of entrepreneurs. Had Zimbabwe convinced the Bank/Fund to support its initial phased, five year liberalisation programme none of this need have happened. As the Swahili proverb puts it "A mad rush is not a good way of getting there".

This relates directly to reconstruction. Unless rural production is shielded from temporary war caused excess transport costs it frequently cannot compete. Unless decapitalised, deteriorated plant urban producers have time and finance to work their capacity up and real unit costs down they will be unable to benefit from rural effective demand and market access recovery. Immediate full import liberalisation - especially without temporary selective support in access to credit, to import capacity and to services - will swamp them. Jumping in an ice cold mountain stream is by no means a universally appropriate cure either for heat exhaustion or fever, even if more heat and more mosquitos are even more dubious prescriptions.

The World Bank is still more worried about over or wrong intervention than about under intervention and too rapid (or ill ordered) liberalisation. In the context of dialogue with SSA governments - and especially those with, for whatever reason, a record of extreme economic unsuccess with little to show in the way of social and human investment or actual poverty reduction - that is understandable if not always wise. The practicable way forward

for SSA politicians and negotiators is to make out a pragmatic overall framework and proceed to case by case negotiations. On poverty reduction, livelihood expansion enabling measures, basic infrastructure and basic services - the core of Reconstruction - it need expect little resistance in principle and on macro climate influencing measures either alterations or exceptions are not unattainable. One may regret the weight of the Bank and of other resource providers, but it is a fact (rather as drought is a fact) which cannot be wished (or cursed) away and a condition which has been exacerbated by the failure of past SSA government economic, political and social praxis.

Privatisation is a sub-topic of liberalisation. The intended beneficiaries of Reconstruction need access to competent, competitive purveyors of goods and services and purchasers of goods and services (including labour time i.e. wage employment). For many a functioning market is the best means. Government capacity to provide all the enterprise level market actors simply does not exist in any country needing a Reconstruction strategy - especially in Ethiopia. Doing less better rather than more very badly indeed is a sound guide-line if a) someone else can do the dropped bits as well or better (e.g. retail trade and crop purchasing) or b) it is not a priority (at least now) that it be done. On that test, privatising vaccination is lunacy (at least at financial and probably at operational level) while privatising (including the cooperatives) retail trade is a priority.

The problem lies in borderline or non-obvious cases. Crop marketing illustrates this. 'Retail' purchasing needs to be on the spot, in cash, on time, flexible - not the hallmarks of single channel buyers (public or private - to substitute a monopoly "concessionaire" crop purchaser, as has been done in some cases in Mozambique, is on Smithian or neo-classical logic 'cure' which is simply a more lethal variant of the disease). But multiple channel/competitive 'retail' buying requires enabling multiple private (including cooperative) enterprises to go into business - a legitimate task for Reconstruction. It also requires a wholesale level with at least one buyer able to buy as much as is offered at or above some floor price. Because the buyer of last resort function is unlikely to be profitable to the enterprise (even though macro economically it may be crucial) and because SSA is not well supplied with produce wholesalers of much capacity (especially in domestic food) selective use of public

enterprises (not departments) to play that role is prudent. Privatising grain boards by closing them might limit bank and state losses (or might not if subsidised sale of imported grain resulted!) but would rarely (not never) produce an efficient wholesale produce marketing system. In fact the Bank does not reject that argument - its foci are genuine access for private enterprise and limiting buyer of last resort losses combined with predetermined transparent means to financing them. Again the issue is a pragmatic one of how much, when, where, with what safeguards not a basic ideological contradiction. (With some resource providers it may be the latter - oddly given the buyer of last resort foundation to USA agricultural pricing.)

Phasing has already been cited in respect to liberalisation and to fiscal impact. It is a pervasive issue but rarely one of principle. Indeed the real enemy is often not the Bank but mutual SSA official/Bank official failure to pay adequate attention to the issue.

Reconstruction's initial working capital - food to harvest, tools to clear - rebuild - plant, seeds - core livestock - fishing gear - package illustrates this point. In the context of initial near destitution and national as well as household food deficits free food provision (whether 100% or a lesser % depends on contexts) until harvest is very unlikely to damage markets. The destitute have no effective demand. But continuing it after harvests are restored (i.e. for more than two years to any recipient or one for most) is market (and other beneficiary income) damaging. In respect to the other items realism cautious against soft, term loans because the administration cost (especially in terms of scarce personnel and administrative capacity) would far outweigh the recoveries. But after the initial package the re-established households should buy from the re-established rural commercial network (predominantly cash at harvest time, secondarily on seasonal credit).

Similar sequencing confusions can arise in respect to "food for work". During rural reconstruction the priority work is land clearing, home rebuilding and crop cultivation-fish catching-livestock tending. The value of it is likely to be of the same order of magnitude as the entire public sector cash cost of rural Reconstruction. The labour intensive infrastructure employment should be for cash. Households need cash to buy what they cannot produce and building up saleable surpluses will take

longer than restoring basic self provisioning. The commercial network needs effective demand to survive. There may be exceptions, but cash not food should be the norm (a conclusion neo-classical analysis supports as do USAID and the World Bank). If it is desired to use food aid to finance the sub-programme, then wheat, rice, cooking oil, sugar imports sold in urban areas at commercial prices (assuming, as is usually the case, there are domestic deficits in these products) are a much more efficient way than lugging maize to be handed out in a maize surplus area wrecking local sales and forcing a return flow to the same urban areas through which the aid maize flowed (usually in a parallel lorry fleet maximizing empty back hauls).

In brief, Reconstruction through enabling Livelihood Rehabilitation is in logic and analytical principle part of as well as compatible with both Structural Adjustment and with what the World Bank as well as ECA call transformation. The problems are partly presentational (lack of mutual understanding or common language) and partly pragmatic ones of timing, financing, prioritisation, ceilings, instruments and interactions. These are the common coin of applied economics and can be most readily traded into agreed packages in the market of reasoned, flexible case by case dialogue recognizing that at the margin (and margins are not always narrow) reasonable, informed, humane people can and do differ quite significantly initially but usually can find enough common ground to move forward.

To view either Structural Adjustment or Reconstruction as simple, as a form of Holy Writ, as a diabolis ex machina, or as a bogeyman (or witch) to campaign against is both grossly misleading and foolish.

IX.

Reconstruction: Where Now and (soon) Hereafter?

Reconstruction through livelihood rehabilitation is not a complete economic strategy or model. It is a priority strategic initiative.

What it does not include may be summarised as:

- a complete macroeconomic strategy for the whole economy (though it can and should have sectoral economic targets consistent with overall macroeconomic strategy)
- large scale infrastructure and production unit components (which are better handled within existing strategies in parallel to it)
- an answer to closing basic existing fiscal and external account gaps (which are more likely to turn on large projects and/or specific sectoral programmes not designed primarily for poor household production)
- any elaborated "safety net" component beyond initial year food (partly because rural safety net provision is almost impossible to elaborate - or to finance - until these livelihoods which can be re-established rapidly are again producing)

These are non-trivial, but so are the issues it addresses which are humanly, socially, economically, and potentially politically, crucial to 25% to 50% of the people of war devastated lands which have regained peace.

Conceptually this type of rehabilitation strategy flows from Absolute Poverty Reduction strategy focused on:

- enabling poor people to produce more (and to have access to competitive markets to sell and to buy);
- providing basic human and social investment services (either plus or including production extension services as well as health, education and water) to all households with special attention to facilitating access by (and relevance to) absolutely poor households.

The additions turn on specific post-war realities especially those of many households being "out of place" and wanting to go home and of a very high proportion being largely "out of production" (lacking any significant livelihood) contrasted with very poor but non-war disrupted countries.

The overall articulation is - especially for the larger rural component (Section V) - relatively straightforward. Detailed articulation requires both participatory input from intended beneficiaries (and ultimate judges) of the programme and decentralised identification of concrete activities and activity clusters.

By and large the capacity and resource requirements of Reconstruction through Livelihood Rehabilitation are those in which the greatest (or least small) national short run capacity potential exists. All programmes run into practical and technical problems in design, implementation and modification, but there is no reason to suppose these to be greater, more numerous or less soluble than for any other strategic initiative - on balance probably the reverse.

The main gains attainable are:

- increased livelihood/employment opportunities
- reduction in the proportion of households existing in absolute poverty
- greater national as well as household food security
- revival of rural-urban two-way trade reflatting effective demand for (and input supply to) the urban economy and rebuilding national economic interaction/integration
- where the rural family sector is of central macroeconomic significance providing rapid increases in Gross Domestic Product and (less frequently) exports
- providing (and providing the revenue flows to sustain) rapid expansion in access to basic human and social investment services and for local (reconstruction/development) infrastructure
- opening up substantial opportunities (as well as needs) for decentralisation, participation and strengthening of civil society bodies

- laying a foundation for sustained advance through follow-on strategic initiatives through increasing the numbers of functioning household livelihoods, improving health and nutrition and building up human skills.

Beyond this point, further elaboration and fitting to specific national and local contexts becomes an applied political/political economic exercise (as it has now become in Mozambique) not primarily an intellectual one.

This perspective and formulation is not an easy one to act upon. The likely resistance of domestic vested interests - especially if limited resources and resource growth mean taking away old, as well as allocating new, resources and opportunities will not be trivial nor easy to overcome. How to build domestic coalitions for equity, economic and social justice in general, and reconstruction through enabling poor households to restore their livelihoods in particular, deserves far more attention than it has had. At times the effort appears reminiscent of the Sukuma proverb rabbit who set out to kill the elephant trampling on his home and relatives. When asked if he really could, his reply was that he'd try and try again. While the tale is unfortunately less than lucid on exactly how, the rabbit in the end did succeed.

However, the discourse stopper has tended to be that the World Bank or Washington or the donors or the North "won't buy it". This presupposes both that these entities are monolithic, fanatic ideologues and never willing to learn from experience. That is a rather needlessly fatalistic perspective.

It is useful to realise that the high tide of Reagan-Thatcher-von Hayek-von Mises (none of them noted economists as it happens) is long past. Far out from their heartland, true believers (and belated converts) are still seeking to enlarge bridgeheads but the 1992 USA election tolled the bell for their political dominance in their own heartland.

So too the doctrine of limited numbers of very high level interventions with implementation left to the market - exemplified by the Chicago School whose intellectual leader Milton Friedman basically advocates two instruments - monetary control for efficiency and a negative income tax for equity - has lost its novelty and credibility. Like Reaganism it never

fully convinced most civil servants nor, more intriguingly businessmen and the debacles of attempted implementations have further eroded credibility.

In the case of the World Bank the road from the Berg Report to the Long Term Perspective Study is a long one and while it has no U-turn it has veered very significantly back toward MacNamara's "abolition of absolute poverty" credo. It is useful to look at the Bank's summary of its 1992 World Development Report, even (or especially) if it is focused on environment not poverty or social concerns.

First, take advantage of the positive links between economic efficiency, income growth and protection of the environment. This calls for accelerating programmes for reducing poverty, removing distortions..., clarifying property rights to encourage people and communities to manage resources better, and expanding programmes for education (especially for girls), family planning services, sanitation and clean water, and agricultural extension, credit and research.

..... To implement... will require overcoming the power of vested interests, building strong institutions, improving knowledge, encouraging more participatory decision making...

That is not the language of free market ideologues but of pragmatic interveners. It is much closer to ECA's "Khartoum Declaration" than to the Berg Report. And it represents a major evolution (or structural adjustment or transformation) in Bank thinking - partly from experience and partly because the Northern political and political economic climate allow it to make such affirmations now whereas five years ago they assuredly did not. Interestingly, the rising force in the international economic discourse and agency area - Japan - clearly concurs with the shift and has been appalled at some of the more simplistic rhetoric and mechanistic programming of the 1980s (in respect to SA in SSA especially the 1979-1985 pre-PAMSCAD - Ghana's Programme to Mitigate the Social Costs of Adjustment - era).

But this change, while it opens new opportunities is no carte blanche for business as usual or a reversion to 1970s and early 1980s policies in SSA. The brutal reality is that all too many of these worked very badly and are still less likely to work well in the run up to 2000. Criticising 1979-95

Structural Adjustment is kicking a lion skin - aggravating to his son rather than not deadly dangerous in itself - but missing the opportunity to attempt independent strategic conceptualization then to be sold on its own merits to the global financial community and its international and national institutions.

In terms of development conceptualization, prioritisation, articulation and - especially praxis, it is past time to prove that Pliny the Elder was right when he said "Out of Africa there is something new" and to act on two of Mwalimu Nyerere's and one of Adam Smith's main contentions which can be paraphrased:

- The Human Being (in society) is the only end, main means, test, judge and justification of development. (Mwalimu)
- No nation can be great and prosperous the majority of whose people are poor and miserable. It is a basic "moral economy" priority for the state to create an enabling climate for those who are poor and miserable to advance out of that condition. (Smith)
- Efficiency matters, in a poor country waste is a great sin. (Mwalimu)

leading to a very practical call to action made by President Nyerere almost a quarter century ago and all too rarely heeded (in SSA or elsewhere):

To plan is to choose,
Choose to go forward.

Annex

Rural and Urban Livelihood Rehabilitation:

Pro Forma Macroeconomic and Social

Pro Forma for Mozambique

Table 1

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

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

Notes:

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

Table 2

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

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

Notes:

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

3. Tools to clear and till land and to rebuild home, tools, small stock, fishing equipment, seeds, basic household equipment - e.g. water pails. \$100/household including transport.
4. Beams, poles, bricks, carpentry tools, block making machines, cement. Say \$1,000 per village of 400 households.
5. Roads, culverts, ditches, small scale irrigation, ponds, other public buildings.
Rough breakdown:

Wages Seasonal Local Labour	125,000,000
Other Wages and Salaries	25,000,000
Hand Tools	10,000,000
Other Equipment	25,000,000
Construction Inputs (Pipe/Pumps/ Bitumen/Cement/Wood/etc.)	65,000,000
6. Primary Health, Education, Agricultural Extension, Water.
Rough breakdown:

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

(Rural service expansion/rehabilitation recurrent and capital cumulative over five years.)
7. Loans to 2,500 newly re-established rural merchants/transporters at \$40,000 each - lorry, stock in trade finance. Loans to 500-750 co-operatives (expansion of capital base or new activity) at comparable capital input. \$100 million subsequent finance (loan) of vehicle-warehouse-working capital expansion in addition to reinvested enterprise earnings.
8. Analogous to Note 7 for wholesale sector-private enterprises, co-ops and (as guarantor of minimum prices and of competition) Agricon.
9. Warehouses, markets, selected medium scale works.
10. \$100-125 per person. Presumptively UNHCR financed. Subsequent expenses for refugees incorporated in main programme heads. About 20% of totals.
11. Initial allowance of \$150 per person at time of turning in gun and equipment. Plus 50% addition for 'surplus' guns from Mozambique or South Africa turned in. Subsequent expenses incorporated in main programme heads (about 9% of totals).
12. Training, equipment, staff gap filling in coordination units - DNP, Provincial Planning Directorates - and crucial operating units especially Provincial Works Directorates (engineers, draughtsmen, artisans, foremen) to design/operate small fixed capital unit components of programme.
13. Rounded especially in "A" so line totals may not add exactly.

Table 3

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

Category	1993/4	1994/5	1995/6	1996/7	1997/8	Total ^{1,2}
A. Household						
<u>Re-establishment</u>	13,000	20,500	19,500	18,000	13,000	84,000
Demobilisation ¹	(8,500)	(10,000)	(1,500)	-	-	(19,500)
Interim Food Security ²	(3,000)	(8,000)	(15,000)	(15,000)	(11,000)	(52,000)
Artisanal Tools ³	(500)	(500)	(500)	(500)	-	(2,000)
Construction Materials/ Simple Equipment ⁴	(1,000)	(2,000)	(2,500)	(2,500)	(2,000)	(10,000)
B. Secondary Urban Infrastructure Rehabilitation⁵	5,000	10,000	15,000	15,000	15,000	60,000
C. Basic Service Rehabilitation/Extension⁶	10,000	15,000	25,000	25,000	15,000	90,000
D. Market Revival⁷	12,750	13,250	24,500	32,250	32,250	115,000
Small/Medium Enterprise ⁸	(7,500)	(7,500)	(15,000)	(22,500)	(22,500)	(75,000)
Micro/Artisanal Enterprise ⁹	(3,750)	(3,750)	(7,500)	(7,500)	(7,500)	(30,000)
Labour Intensive Technology ¹⁰	(500)	(1,000)	(1,000)	(1,250)	(1,250)	(5,000)
Financial System Training ¹¹	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(5,000)
E. Associated Items	3,000	3,500	1,250	1,250	1,000	10,000
Refugee Return ¹²	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)
Demobilisation	(2,000)	(2,500)	-	-	-	(4,500)
Planning/Coordination	(1,000)	(1,000)	(1,250)	(1,250)	(1,000)	(5,500)
TOTAL	43,750	62,250	82,250	91,500	76,250	358,000

Notes:

- Assumes 20,000 households. If over one-sixth of estimated demobilised are urban in origin this figure would be higher and analogous rural one lower. Divided into interim employment/training/household equipment and allowance on turning in arms and equipment.
- Approximately 80,000 waged urban households are below the absolute poverty line because the minimum monthly salario is well below \$30. In principle a food supplement (to minimum wage for large households) and food subsidy programme do cover them as well as

the 120,000 who are in absolute poverty because of low household labour power. In fact both administrative and funding problems limit coverage. By 1996/97 the real minimum salario should - with recovery - have risen above \$30 per month after which general economic development will be relevant to the 120,000 and to a degree the 80,000 (though to few of the 120,000). Interim coverage of 10,000 households in 1993/4, 25,000 in 1994/5, 45,000 in 1996/7 and 35,000 in 1997/8 could reduce interim absolute poverty at \$250 to \$350 per year per household (including administration).

3. Many urban artisans (ex-artisans) cannot restore their livelihoods because they lack some or all of basic toolkit. Assumes 10,000 tool kits (tailors, builders, woodworkers, etc.) at average cost of \$200.
4. For self-help housing including neighbourhood block, brick making in canisas. Perhaps contributions - in kind - to 50,000 houses at \$100 each and 500 neighbourhood simple equipment sets at \$500 plus \$2.5 million training in simple construction/construction material skills
5. Excludes centre city main works and all main roads. Primarily ditches, drainage, levelling, minor public buildings, markets, etc., in canisas and some similar supporting work in poorer concreto areas. To be organised on labour intensive basis.
6. Rough estimate. Urban basic services are quantitatively less inadequate than rural but have significant quality problems. Figure excludes secondary/tertiary education and main hospitals but includes primary service worker (re)training and some secondary unit (e.g. small town hospital) rehabilitation or construction.
7. Market revival. While medium and large urban enterprises have more access to credit, present profit flows and foreign exchange than do rural this does not apply to artisanal, micro, small and newer medium scale ones other than urban transport. Employment, availability of goods/services, rehabilitation of two way urban-rural economic links all point to credit-training-technical services (e.g. accounting) packages accessible to these enterprises building on the Ministry of Labour and other body's experience.
8. 1,000 enterprises at \$50,000 average credit plus \$25 million applied skill and managerial training, services (especially accounting), administration and research. Probable employment 10,000 to 15,000.
9. 2,000 enterprises at \$10,000 average credit plus \$10 million related training, services, administration. Probable employment 10,00 to 15,000.
10. Pilot projects, adaptation/training, popularisation with special reference to construction (including mainline Urban Rehabilitation and large building construction not itself included as part of Reconstrucao).
11. The medium through artisanal loan scheme's sustained success depends on training/retraining commercial bank (public and private) personnel to allow an adequate capacity to process and to evaluate loan applications promptly.
12. Very few refugees are from cities or large towns. Small town and rural wage earning households usually also engage (of necessity) in sector familial production. Therefore all refugees are treated as wage earners. Persons who chose to enter urban areas during war - rather than entering deslocado camps or afectado resettlement - are among intended beneficiaries of main Urban Reconstrucao programmes but are not targeted as a separate category.
13. Some totals may not add exactly because of rounding.

Table 4
National Reconstruction: Possible Funding Projections
(\$000 1991 Prices)

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

Notes:

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

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

Table 5

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

A. Additional Rural GDP Related To Reconstrucao			
1. Sector Familial ¹ (Programme Households)	Provisioning	Sold	Total
▪ Food (including animals, fish) ²	185,000	65,000	250,00
▪ Non-Food Crops (including Forest Products) ³	5,000	100,000	105,000
▪ Artisanal Products ⁴	35,000	15,000	50,000
▪ Home Farm Construction ⁵	55,000	-	55,000
▪ Basic Services In Kind ⁶	5,000	-	5,000
▪ Wages From Infrastructure Rehabilitation ⁷	-	25,000	25,000
TOTAL	285,000	205,000	490,000
Per Household (\$) ⁸	\$260	\$190	\$450
Rural Absolute Poverty Line ⁹		\$470 - \$520	
2. Sector Familial ¹⁰ (Other Households)	30,000	20,000	50,000
	Wages	Other Value Added	Total
3. Public Services ¹¹	30,000 ⁷	10,000	40,000
a) Basic Services	30,000	-	30,000
b) Infraestructure Rehabilitation	(7)	10,000	10,000 (35,000)
4. Commerce/Transport ^{11, 13}	All	Sold	107,500
a) Commerce ¹²			60,000
b) Transport ¹³			47,500
5. Multiplier Effect ¹⁵		Not Estimated	
TOTAL Reconstrucao Augmentation			
To Rural GDP ¹⁶		687,500	
Of Which Household Self Provisioning		(315,000)	
B. Additional Urban GDP Related To Reconstrucao			
	Provisioning	Sold	Total
1. Enterprise Added In Sales To: ¹⁷	-	175,000	175,000
▪ Rural Sector Familial	-	(90,000)	(90,000)
▪ Commerce/Transport	-	(40,000)	(40,000)
▪ Micro-Small Industry	-	(15,000)	(15,000)
▪ Urban Sector Familial	-	(7,500)	(7,500)
▪ Public Service Wage Earners	-	(7,500)	(7,500)
▪ Exports	-	(15,000)	(15,000)
2. Urban Sector Familial ("Informal")	2,000	12,000	14,000
Agriculture (Zonas Verdes) ¹⁸	(1,000)	(7,000)	(8,000)
Artisanal	(1,000)	(5,000)	(6,000)
3. Public Services	1,500	13,500	15,000
▪ Basic Services	(1,500) ¹⁹	(7,500)	(4,000)
▪ Infraestructure	(-)	(6,000)	(6,000)
4. TOTAL Direct Impact	3,500	201,500	205,000

5. Multiplier (25%) ²⁰	-	50,000	50,000
TOTAL - Urban GDP Increase Related To Reconstrucao ²¹		<u>3,500</u>	<u>251,500</u>
			<u>255,000</u>
TOTAL - GDP Increase Related To Reconstrucao ^{16, 21, 22}	318,500	624,000	942,500

Notes:

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

	<u>Urban</u>	<u>Rural</u>	
Food	\$500	\$225 ¹⁻⁾	
Housing	100	50 ²⁻⁾	
Transport/Water			
Fuel	75	25 ³⁻⁾	
Other Goods/Services	<u>175</u>	<u>220⁴⁻⁾</u>	(170) ⁵⁻⁾
Tctal	<u>\$850</u>	<u>\$520</u>	(470)

¹⁻⁾ Farmgate prices plus limited purchases.

²⁻⁾ Maintenance/Rebuilding Cost Valuation

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

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

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

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

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

Purchases

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

15. Presumably some multiplier can be expected. However, because basic rural purchases from the rural sector familial are relatively low (perhaps \$35 to \$40 million) the multiplier effect would be very low. Would tend to be partial offset of overestimation cited in Note 1.
16. Rural GDP will also rise from non-Reconstrucao Cotton Authority, Cashew Authority, Commercial Farmer and provision of competent training/extension to Irrigation schemes. This could amount to \$20 to \$25 million on food crops and \$25 to \$50 Million on non-food crops at value added level and \$50 to \$87½ million at sales level. If 1,500,000 rural households in 1998/9 that is \$30 to \$50 per household.
17. Assumptions:
- Additional gross sales to rural sector equal additional sector familial purchases plus Commerce/Transport value added, less \$40 million rural-rural.
 - Sales to Micro-Small Industry equal wages plus one half other sectoral value added. Sales to commercialised Zonas Verdes and to the artisanal sector = value added. (Wages = 25,000 X \$600 = \$15,000,000; Artisanal Value Added 10,000 X \$500 = \$5,000,000; Zonas Verdes commercialised Value Added \$7,000,000; Other Value added \$20,000,000.)
 - Sales to public service wage earners equal wages (\$12,500,000).
 - Rural sales reduced by 33½% for transport/rural commerce content; urban by 5% for inputs into urban transport/commerce.
 - Value added estimated at 65% of (a + b) reduced by c. Allows 20% operating and spares imports, 2½% purchases from rural sector, 12½% taxes (actual collection of turnover taxes licenses not nominal amount due).
 - Guesstimate of \$25 million exports (fob) at 60% value added. The GDP here is value added in all urban sectors including commerce, transport and other enterprise/household produced services.

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

Table 6
Reconstrucao Fiscal Impact 1998/99
 (\$ 000 Semi 1991 prices)¹

A. <u>Revenue</u>	<u>Urban</u>	<u>Rural</u>	<u>Total</u>
Additional Tax Revenue (20% Additional Commercialised GDP) ²	50,500	74,500	125,000
Cash Contributions To Basic Service Costs	6,000	12,500	18,500
TOTAL	56,000	87,000	143,000
B. <u>Expenditure</u>			
Basic Services ³			
Wages	10,000	30,000	40,000
Other	10,000	30,000	40,000
Small Scale Infrastructure ⁴			
Wages	5,000	25,000	30,000
Other	7,500	37,500	45,000
Interim Food Security ⁵	7,500	-	7,500
Continued Artisanal/Small Ent- erprise Enabling ⁶	7,500	7,500	15,000
Gross Additional Expenditure	47,500	130,000	177,500
Less:			
User Contribution In Goods/Labour ⁷	1,500	5,000	6,500
Reduction Military Expenditure ^{8,9}	[12,500]	[37,500]	50,000
Total Offsets	14,000	42,500	56,500
Net Additional Expenditure	33,500	87,500	106,000
C. <u>Net Fiscal Gain (Cost)</u>	23,000	(500)	22,500

Notes:

1. 1991 Prices except assumes real minimum salario moves to \$40 minimum efficiency level.
2. Shorthand estimate roughly comparable to other serious tax effort primarily agrarian Sub-Saharan African economies, e.g. Tanzania. By definition excludes Household Self-Provisioning from tax base.
3. Assumes continued build-up beyond 1997/98 levels.
4. Assumes continued run-down from 1995/96 peak levels as rehabilitation backlog reduced.
5. Continued run-down as real minimum wage recovery reduces numbers covered.
6. Training and Services - Loan Funds assumed by 1998/99 to have become largely revolving with additional investment in them on subsequent Developmento capital account.
7. See Table 5.
8. Urban (25%), Rural (75%) arbitrary - based on projected 1998/99 population division.
9. See Table 4 - Note 5.

Table 7

Reconstrucao GDP External Balance^a Impact 1988/89
(000 \$)

<u>Exports</u>	
Rural ²	115,500
Urban ³	<u>25,000</u>
TOTAL Additional Exports	<u>140,500</u>
 <u>Imports</u>	
Urban Goods Inputs ⁴	55,000
Rural Goods Inputs ⁵	NA
Transport ⁶	50,000
Government Services ⁷	<u>50,500</u>
Gross Additional Imports	<u>155,500</u>
 Less:	
Reduction Military Imports ^a	<u>25,000</u>
NET Additional Imports	<u>135,000</u>
NET Balance Improvement	<u>+ 5,000</u>

Notes:

1. Excludes grant, loan items. Specifically excludes reductions in food aid which affects Import/Export sides equally. (See Table 9.)
2. \$96,250,000 farmgate plus \$19,250,000 (20%) transport/commerce to fob.
3. See Table 5 - Note 17.
4. 20% of Gross Sales. (See Table 5 - Note 17.)
5. Included in Urban Goods Sales.
6. Rough estimate fuel, spares, replacement lorries.
7. 75% Non Wage spending on Basic Services, Small Scale Infrastructure from Table 6. Dominated by drugs and other medical supplies and paper/textbooks.
8. Rough implicit assumption is that net military savings include \$25,000 on items other than wages/rations/local purchases. Gross savings on the domestic purchases rations and wages items from Demobilascao should be of the order of \$30,000 but net will be substantially lower because of improved pay/rations/uniforms needed to achieve professionalism in 20,000 to 25,000 professional army post Demobilascao.

Table 8

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

	<u>1990/91</u>		<u>1998/99</u>	
Population In Mozambique ¹	12,500,000		18,250,000	
Food Requirement ²	4,500,000 (100%)		6,570,000 (100%)	
Domestic Production ³	<u>2,750,000 (61%)</u>		<u>5,710,000 (87%)</u>	
Urban (Zonas Verdes)	<u>(150,000) (3%)</u>		<u>(185,000) (1%)</u>	
Household Consumed	(50,000) (1%)		(60,000) (-)	
Commercialised	(100,000) (2%)		(125,000) (1%)	
Rural	<u>(2,600,000) (57%)</u>		<u>(5,525,000) (84%)</u>	
Household Consumed	(2,200,000) (48%)		(4,400,000) (73%)	
Commercialised ⁴	(400,000) (9%)		(1,225,000) (11%)	
Imports ⁵	<u>625,00 (14%)</u>		<u>400,000 (6%)</u>	
Food Aid	(500,000) (11%)		(200,000) (3%)	
Commercial/Parallel	<u>(125,000) (2%)</u>		<u>(200,000) (3%)</u>	
Food Deficit	<u>1,125,000 (25%)</u>		<u>460,000 (7%)</u>	
<u>Urban/Rural Breakdown⁵</u>	<u>Urban</u>	<u>Rural</u>	<u>Urban</u>	<u>Rural</u>
Population In Mozambique	<u>3,000,000</u>	<u>9,500,000</u>	<u>4,500,000</u>	<u>13,750,000</u>
Food Requirement ⁶	1,080,000	3,420,000	1,620,000	4,950,000
Domestic Production	<u>500,000</u>	<u>2,250,000</u>	<u>1,085,000</u>	<u>4,625,000</u>
Urban	(150,000)	(-)	(185,000)	(-)
Rural	(350,000)	(2,250,000)	(900,000)	(4,625,000)
Household Consumed	(50,000)	(2,200,000)	(60,000)	(4,300,000)
Commercialised	(450,000)	(50,000)	(1,025,000)	(325,000)
Imports ⁵	400,000	225,000	375,000	25,000
Food Deficit ³⁻⁷	180,000 (17%)	945,000 (27%)	160,000 (10%)	300,000 (6%)

Notes:

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

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

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

Table 9

Absolute Poverty Reduction From Reconstrucao

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

Notes:

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

Author Note

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Potentially Relevant Additional Paper By Author

(Available from him on request)

1. "The Human Dimension As The Test Of And A Means Of Achieving Africa's Economic Recovery And Development: reweaving the social fabric, restoring the broken pot", UN/ECA International Conference on the Human Dimension of Africa's Economic Recovery and Development, Khartoum, ECA/ICHD/88/3, March 1988.
2. "Reduction of Absolute Poverty: A Priority Structural Adjustment", Discussion Paper 287, IDS (Sussex), May 1991.
3. The Struggle Against Absolute Poverty in Mozambique, SDA Project, National Directorate of Planning, Republic of Mozambique, January, 1991.
4. "Reconstrucao: The Road from Emergencia to Desenvolvimento - Livelihoods and Macroeconomics", National Directorate of Planning, National Planning Commission, May 1992.
5. "The Four Horsemen Ride Together: scorched fields of war in Southern Africa", RSP Seminar On Forced Migration, 11 November, 1992 (to be published by the Refugees Studies Programme, Queen Elizabeth House, University of Oxford).
6. with R. Morgan and C. Davids, Signs Of Hope: Towards Rehabilitation and Renewed Development for the children of Southern Africa.
7. "Women's Land Use Rights In SSA: modernisation as marginalisation: what is to be done?", 12th Symposium on Law and Development, Faculty of Law, University of Windsor, Ontario, Canada, 12-15 March, 1992 (to be published by International Third World Legal Studies Association).