

INSTITUTE OF DEVELOPMENT STUDIES

MEMORANDUM

To: JT
cc: SM, SDe, MG, SG-J, RB

Date: 29 July, 1996

From: Reg Green

Ref:

The Residue of RAG (Poverty and All That)

1. In general I am enthusiastic about your think piece - especially concentration on national plans and, therefore, aspects states/governments can influence and approaches/means they can use.
2. I have two general points on that theme:
 - a. specific emphasis on **external** (weather, war, global economic dynamics) and **history** (war, nature of government, capacity for governance) as these greatly influence both constraints and opportunities as well as priority requirements;
 - b. household surveys need **not be limited to consumption** and (at least for makeup of sources) **income**. Access to health, education, water can be included and - sometimes - health, education, agricultural census figures can be melded with them. In addition where appropriate supplementary data on time budgets and land access can be sought. (A number of the data sets have gender recording so allow incorporation of gender aspects.)
3. **Safety nets** - as proposed at present - is a three person 2 X 2 project involving me as well as SM, SDe. Ethiopia/Mozambique and Urban/Rural. Ethiopia has a near empty **urban** box and Mozambique a 350,000 person one (6% to 8% urban population and 12½% to 20% of these below absolute poverty line) which is relatively low cost, relatively efficient (in reaching intended users and being gender conscious by way it identifies and distributes - ironically both now accepted as self-evident which was not so at the start). I believe programme will go on because its protectors are now key advisor in Health and Minister of Finance and Planning and the head of Poverty Alleviation Unit (UAP) its catalyser/defender (nominally Social Welfare is present parent) has just been promoted to National Director of Budget (her predecessor at Budget - also a woman - is now Deputy Minister for Finance while former Natl. Director who backed UAP is now full time Parliamentarian as she is Chair of Economic Committee of Assembly) and her # 2 who took over at UAP is very good.
 - On **rural** Ethiopia is much more innovative and links food and reconstruction/livelihood rebuilding much better. Mozambique has just begun -

interestingly political pressure is to ruralise urban "food supplement" which won't work so was advising the then UAP head (now promoted) on what might when she was on course here earlier this year.

- These factors suggest: Mozambique will continue to be interesting (real political and official backing - not least because urban food supplement may have been key to FRELIMO's absolute majority in Assembly even though we didn't devise and defend it for that reason and I think technical political economists saw vote implications **sooner** than politicians).
- The **historical reasons for E/M contrasts** should be interesting. Present Ethiopian government comes out of rural uprising in degraded, drought vulnerable, war devastated rural area and virtually assumes as self-evident that survival food is used to cover wages of reconstruction public works. It did not hold major towns until very late and its grassroots urban (or at least Addis) reticulation (as well as articulation) is weak so urban action has not had same imbedded priority. In Mozambique, government held cities throughout war and felt need to prove it cared about human investment and dignity in which areas it could act. (There was urban bias over 75-82 but 82-92 was much more full urban but limited rural reach.) Rural was pure survival and works would (with limited exceptions, which were taken up, e.g. an ILO facilitated labour intensive highway) have attracted attack and dispersed security forces dangerously. Current thinking is rural oriented, but not on IMF's line (drop the urban down to boost rural) but rather on (USAID's plus one fraction of Bank's) hold line on urban for now and put additions on rural generalising from what has worked in urban areas. In towns FRELIMO (a catch as low levels of local governance and data collection have been party and may be hard to convert to government albeit 75% to 90% FRELIMO vote in all cities except Beira may ease this) has had good two way communication and good (if simple) data at neighbourhood (carteiro) level and below. Rural is very much weaker not least because 40% to 60% of rural population have "gone home" so aren't where they were in 1992.

Specific Comments

1 - Para 2. Yes, both the Ethiopian (rural) and Mozambican (urban) experience demonstrate Kothari's point. Initiative was **not** international NGOs, but politicians (M) or quasi political technocracy (E), and donors have been won over rather than initially pushing.

Page 3. I am less pessimistic on household surveys showing dynamics of impoverishment or - at least - pressure points for policy to help households to survive and enable to climb out. (Perhaps I am biased war/drought interaction and ratchet effects of repetitive shocks with very cobwebby safety nets have been keys to down dynamic. Hellish that is but complicated no.)

In Mozambique - especially urban - 'women' is **not** a very good correlate. Single adult households with several dependants are in fact 99% female headed, but the bottom line is hands to mouths ratio. And female income distribution (urban) appears bimodal - one group at bottom but (smaller) one in bottom of **top** 20% - nurses, teachers, top part of 'informal' trade, some "green zone" co-op members. These tend to have small households (one woman/one child) so female headed average **per capita** not notably below overall average.

(That I think is counterintuitive. May well not apply in Addis where female access even as secretaries and primary teachers/nurses is 25 years behind Mozambique, 30 behind Tanzania, perhaps 40-50 behind West Africa. I do **not** mean it will necessarily take that long to catch up. Lead woman minister - niece of Hailie Selassie, ex-Trotskyite, imprisoned by HS and nearly assassinated by Dergue - is a practical gadfly on gender in main line programmes and apparently influential. With revisionist partial rehabilitation of HS and her appeal to both traditionalists for whom she is senior survivor and radicals - who remember past stances and courage - Amhara they need her.)

Page 4 - Para 3. Yes, but **who** dangerous and/or undeserving poor are depends very much on political leaders' perspectives.

In **Ethiopia** ex-Mengistu army and police are seen as undeserving albeit they are not systematically excluded from rural programmes. So apparently are at least Addis urban poor (Tigre-Oromo-Somali zones are **not** very urban). The urban are particularly the Amhara who are 'undeserving' by definition to the 'tripartite' ruling coalition. But undeserving means no preferences to what is seen as elite group not persecution - higher civil service and university still have their Amhara majorities and 'affirmative action' is on lines of quasi confederal region creation (and their lower/middle public services) not a ratissage from centre.

- Amhara are seen as **potentially** dangerous but not, as yet at least, actively. **Banning** 'return to our rule' (odd melange of Mengistu/Menelik or maybe not so odd, basically Mengistu was the last emperor of New Empire whose false start - thanks to UK - was Tewedros and clear founder Menelik!) party and security service information collection not severe repression to date.
- **Mozambique** is quite different. All poor are perceived as 'deserving'. Up to 1992 arguably all poor accessible to government were seen as victims of Renamo (albeit displaced in one province heavily supported Renamo and in three more Renamo probably had plurality - or close to it - among them, a fact of which government was well aware whatever its PR stance), but (contrary to mythology) government wanted **more** food aid to Renamo controlled or cut off civilians from at least 1987, so long as delivery assured 60% plus went to civilians (Red Cross permitted to go on even though 75% plus to Renamo troops!). It was international NGOs who were totally negative. And in run up to cease-fire government leaned very hard on UNICEF/WFP (and provided data suggesting good intelligence on who/where) to feed **both** civilians and ex-combatants on Renamo side.
- **Ex-combatants** (both sides) are seen as **dangerous** (armed) poor. **But** government is as sick of violence as 99% of Mozambicans. So it wanted to have \$200 million (pledged at Rome but \$20 million delivered partly because UNDP balked at Mozambique-UN Humanitarian led, Bank backed approach articulated with little reference to UNDP who were seen as of low competence) to **reintegrate into economy**. A bit 'classist' - tools, seeds, housing materials, transport home, 2 years pay for other ranks, a light lorry for a lieutenant, etc., **but** basis was that officers could be more dangerous as gang leaders (not least some of government army ones who had experience as a 'second occupation').

- I am not sure why perceptions differed. **FRELIMO** was much more an **electoral/broad support/civilian political group** than present **Ethiopian government** whose **civilian politics begin in earnest in 1993 not 1962**. And it foresaw a close election (indeed it had real fear it would lose on 'they can't stop war' vote). On the other side, Ethiopia for up to five centuries (recorded) has had weak kin safety nets (Amhara families are almost as fragile as modern European) and governments who did not see safety nets as on the agenda for both feasibility and priority reasons. (Amhara feudalism has been nationalist, as symbolised by Battle of Aduwa, but not *noblesse oblige* as symbolised by repetitive mass famine deaths over 1920-1972 when these had become quite unusual in rest of SSA.) This government has them on priority agenda (at least rural - urban I'm less sure) but not as high as Mozambique.

Page 5 - Para 3. Yes, albeit it is **perceived** credible threat (even if not real) and **including electoral one**. Tanzanian MP's have seen rural poor as threat to careers these 30 years. Rightly so as fairly open primaries, two leaders on to general election, 20% to 40% 'retirement' of rural MPs each election! Part of M-E difference is lesser belief in E that difference is lesser belief in E that state **can** make significant difference except (this is **new**) on averting famine. Now very much see drought as inevitable, famine as a national (governmental) disgrace and put it in those terms. (Perhaps this explains apparent urban indifference? Addis has not been marked by apparent mass food intake shortfall mortality, albeit morbidity might show a different picture.)

Page 9 - Para 2. In practice **both M and E** have opted for **Sen approach**. Food for survival, access to primary education and health services (esp. preventative) come first. The education in particular relates to belief survival of household can enable at least the children ("The flowers that do not wither" - Samora) to emerge from absolute poverty. Ethiopia has the same approach. Three strands seem less integrated in Ethiopia, but food is tied more closely to infrastructure investment to increase incomes of poor and productivity of rural poor and not so poor.

Neither country is good trade-off test. In both higher % to Universal Access to Basic Services/enhanced Productivity of Poor People/Safety Net Access Provision arguably would increase both GDP growth and buoyancy of transport-commerce-manufacturing. The M trade-offs are versus large forex focused transit traffic-mining-tourism where state supposes private sector has a comparative advantage in commerce-manufacturing and is not so sure finance for rail-port-telecom is in direct competition with basic services/poverty reduction for state's external fund mobilisation capacity. **Namibia** is arguably a trade-off test. The economic quadrilateral - commercial livestock/fish/metal/diamonds - directly employ 80,000 households of 250,000-300,000. The 150,000 odd absolutely poor households are about one-third urban unemployable within existing economic structure (or more accurately employable only at very low productivity) and two-thirds rural equally not fitting present economic structure (suitable - for them - land doesn't exist or lacks water). Should state subsidise growth sectors (e.g. via 'stock capital' in power, transport, communication, middle and high level training providing free or part cost services)? Or should it assume they can pay and use its resources on rural livelihood, labour intensive works, health-education-household water plus (existing) old age pension? Or - realistically - where should it put balance point? It has in fact been nearer second and has low (3%-4%) growth since 60% households = under 5% GDP. Would 'stock capital' spending really speed up fisheries and mining recovery? I rather doubt - animal spirits of entrepreneurs and global prospects seem more influential.

- **Para 3.** Yes, but... **If no fish today he/she won't survive to learn to fish tomorrow.**

The dead have no future (or at any rate none relevant to state policy). In practice least hopeful candidates for enhanced productivity do not get access to even poorest of poor oriented programmes. For example, Maputo Mother Child Health clinics reach 90% and are free. (Some of 10% are **not** poor - use private care.) The poor mothers who don't come are poorer child carers, i.e. personal negative selection probably closely correlated to being "least able to make such investments fructify".

Re **international agencies - do they really create a priority** for anti-poverty thrust or even **dominate the conceptualisation of what comes first?** I doubt. **Not** in Ghana (PAMSCAD was put in train by a fraction of Ghana elite with access to JR plus UNICEF) nor in Mozambique (Finance-Health-PM-President with relevant international agency on articulation again UNICEF). Nor I think in Ethiopia where Bank/bilaterals are less policy influential and international NGOs seen as much as a plague of locusts as of bearers of locust control resources and interim food supplies. The catalyst seems to have been Relief and Rehabilitation Commission higher technocracy. The 'last Emperor' (Comrade Ras Mengistu) created it to improve image his regime's image and to collect funds abroad, but RRC was sincere, able, outspoken (and got in trouble for it). It became core of new regime's anti poverty thrust since Tigrean *ad hoc* wartime efforts had little institutional base. Food aid (but sometimes creatively commercialised on national initiative) is too much the international instrument of choice and does tend to survival focus but - e.g. Ethiopia - can be linked to productivity enhancing. à la Kothari quote - a serious poverty reduction programme suggests a serious national concern (that's perhaps why some countries have none!). Because external actors lack clear ideas what is to be done there is more room for national manoeuvre than in most areas. Incidentally why assume that - at least in SSA - concern for poorest (especially but not only own extended family and household) **is** lower than in Europe? I'd tend to argue **reverse**.

Page 10 - e - Para 1. Err... except among pastoralists, poor households have very few saleable assets to run down. That has up side. Assets used to survive are not available to 'snap back'. Pastoralists are noticeably more often ratcheted out of livelihood because "The rains have brought back the grass but they will not bring back my dead camels" as a Somali pastoralist put it in 1987. (Diversification of income sources I agree, albeit it is often a sensible strategy for reasons other than vulnerability insurance).

- **Para 2.** Biggest 'influence' is whether it allows household to **stay put** so it can snap back. If the households have to move regaining livelihood is much harder. Botswana and Tanzania are both good at this and I'm not sure the mixed employment guarantee/clinic provision approach in B and the maize plus beans plus seed in declared emergency (usually drought but also flood) Districts to each non-waged household's senior female do alter coping differentially. (They used to because hirers in Botswana usually didn't give access to women until ordered to do so, at which point they did as directed with no evident shortage of applicants nor any significant social opposition.)

Page 11 - g. I think part of confusion is **conflating gender strictu sensu and hands to mouths ratio**. Most female headed households are much worse off on the h/m test because (at least in SSA) adult male/no adult female/several dependants is a near empty box. This is quite different from differential access to land and to knowledge of how to use animal power (e.g. for ploughing or transporting). Doubtless all are social constructs and all impoverish but

conceptually and in terms of action the first is unlike the other two. (One cannot usefully seek to dish out healthy, family supporting husbands!)

- **h. Urbanisation of Poverty** It is hard to **compare like with like** on available data. Rural self-provisioning for food tends to be valued at farmgate (headed out) prices and for housing at farmgate (headed in) construction materials. The same amount of food (and probably housing albeit there complex qualitative issues arise) at urban retail would usually cost 2 to 5 times as much. Very few household studies seek to account, nor *per contra* do they subtract necessary urban costs (especially transport fares and - arguably - purchased fuel and water. However, when those are gathered they - i.e. their time costs - are left out of rural household income as well as 'expenditure'). There are African data suggesting lower malnutrition among children and lower overall morbidity for urban poor but how much is personal income and how much less poor access to preventative-educational-simple curative health services and to pure water is unclear. It may (unfortunately) become clearer as urban population grows and the new or vastly expanded exurbs have as little access as rural areas.

- "more anomic and violent" may be true as a **generalisation**. But it **varies not just widely but wildly by city and country**. Dar es Salaam is not anomic and not very violent, ditto Maputo. Jo'burg is mixed on anomic but almost incredibly violent. (That appears to be exclusion: too many black young men believe life - including their own - is of little value leading to making violence a first resort. Apparently parallels exist in Brazil.) Most (not all) poor wards in Lusaka and Nairobi are nearer Jo'burg than Dar. But the greatest violence in SA is in Kwa Zulu-Natal rural and peri urban and is **not** anomistic just as worst genocide in Rwanda and now Burundi has been rural and is hardly the result of anomie - *au contraire*. That extended family and community of origin community safety nets fray and even rot away under stress in urban areas is well and broadly documented. Why in some cases **new forms** of social cohesion develop, but are **usually are limited in coverage** (either as to membership - e.g. women fish dryers in Accra or women "green zone" co-operators in Maputo - or area - e.g. a handful of wards/townships around Lusaka) is **less understood**.

War clearly affects rural areas most even when fairly straight line (e.g. Eritrea/Ethiopia) and especially when mass terrorism attempting to make rural life impossible and to starve out cities is practised (rebels in Angola, Mozambique, Sierra Leone and - to a degree - government in Angola). In particular rural service and safety net access disintegrate or (e.g. Liberia, Sierra Leone) vanish.

___ **next to last para of h on feminisation**. Eh? Women have - intriguingly - **better** livelihood access now than in 1960 or 1970 and - probably - 1980. This is especially true in urban areas (and especially outside West Africa where female entry into urban economy is much older). This is true at all income levels and is welcome. Not all shifts to multiple significant household earnings including from adult females are the result of dire poverty. This tends (whether shift is by choice, by consumerism or by need) to **raise relative status as well as workload** of women. As many new women's solidarity groups are occupation related, it apparently also generates new community relations structures

While it is true that outside very small scale commerce **most informal sector earners are waged employees**, this is **less true of women**. They have a disproportionately high share of very small scale commerce (often an outworker type of putting out with risk largely put out

too - goods on credit in morning, pay up at night). As **most urban households have multiple incomes** (i.e. both formal and so-called informal, more accurately unrecorded) **dividing households formal/informal makes little sense**. In Nairobi, Harare, Dar, Maputo and probably Accra, most households have one recorded (formal) wage job and two or more unrecorded (informal) streams. Nor - depending what one means - are **informal income streams** necessarily much below unskilled formal wages. Indeed, they are **often well above many government wage rates**. The rock bottom earnings are for 'no entry barrier' sink activities - and the ability of poor people (e.g. women gravel hand crushers and street side vendors, male shoe shiners in Maputo) to erect functioning barriers to entry is surprisingly high. For last resort activities earnings often are a tiny fraction of unskilled wage, but also of income streams of most of informal sector.

- **last para of h** - Is the infrastructure/health **trade-off** that clear? Standpipe water and sanitation are health linked. Housing may (more weakly) be, but is clearly beyond substantial state upgrading. **Visibility of urban poor** may, in part, be more a function of elite attitudes than a cause. Nairobi absolutely poor are hard to see - a new highway means 'gentrification' of adjacent areas by moving absolutely poor off to remain invisible. Greater visibility in Dar and Maputo (where government would not consider Nairobi type clearance - nor get away with it if it did) seems related to greater sense of common humanity and higher priority to get primary education, health services, standpipe water into poor as well as other areas. Dakar has decanted its poor to Pekine these 30 years so by now that is number two 'city' of Senegal with next to no services and 'safely' out of sight, and night presence, of residents in Dakar. Accra is somewhat nearer Dar than Dakar **but** Nima-Mamobi and (now, not 1965) Ushertown while on and very visible from main routes are rarely visited by non poor who pass by. Addis has urban poor everywhere (even hotel back yards) but no evident priority to acting.

The resource allocations most clearly **doubtful on production gain grounds** are **Safety Nets for unempowerable** (drought impact alleviation and reduction ones arguably have high, relatively quick payoff). Even here it can be argued that to the extent they enable children to grow up more productive they do have a medium term growth payoff. For aged and handicapped with no children (or severely handicapped children) the case is basically "moral economy" (Smith) or religious ("Inasmuch as ye have done it unto the least of these my brethren"). But the belief that a society which rejects such claims is failing in a basic way is pretty cross cultural and certainly is deep-rooted in most (not all) of SSA even if not in the same terms as either Bismarckian or post 1945 Western "welfare states". The differences relate to historic family duty strength and to whether national feeling does see nation as an extended family and state as head of household. And yet again, while Bismarck was basically in business of outflanking social democrats his safety nets were - at the least - not inconsistent with enhanced macro growth.

5 - Conclusion - But Indonesia's rapid reduction of absolute poverty long post-dates rapid growth. The rural extension-seed-basic health services-education-household water (including small scale irrigation) and (up to a point) competitive market access thrust in Java (and for Javanese settlers decanted to have access to land and/or to enforce creeping genocide, e.g. W. Irian, E. Timor) is more recent and seems both temporally, logically and (on micro studies) causally linked to poverty reduction. It also seems to be more GDP growth efficient than earlier state uses of hydrocarbon surpluses. That is "intelligent state intervention". Arguably a drive to **UABS** (universal access to basic services) and to enabling **PPP** (poor person productivity) growth as well as universal **SNAP** (safety net access provision) can be **cost**

efficient (better labour force in future and now, time - especially women and girls - freed to produce goods from, e.g. fuelling, watering, high marginal output/enabling investment ratios for poor households, faster/fuller post calamity recovery) in respect to **GDP growth**. This is especially true if urban production is constrained by rural income/supply of food and inputs deficiencies, i.e. **effective demand is much too low to use nominally extant and at full capacity use arguably efficient urban sector production units**. This may help explain 'plateauing' of relatively successful SA. For example, Ghana has grown 5% a year (though may be falling back to 4%) and Tanzania 4%. But clawback only. Arguably because with reductions in state and external deficits very little GDP per capita consumption growth to which low productivity-low effective demand-low supply of inputs to urban and/or urban medium-large scale sector by poor people 'contribute' massively. This may help explain very poor domestic investment from domestic sources recovery - demand not buoyant enough to justify. As noted above I **doubt** action - as opposed to rhetoric - in SSA is **internationally driven**. It is **internationally constrained** - UABS is in practice supported very half-heartedly and PPP *de facto* very little indeed. The Emperor has sketches and some cloth for new clothes but no pattern so no clothes. To extent poor country elites do prioritise poverty reduction and work up plausible patterns they can get some cloth to cut to patterns pretty close to what they propose, albeit with danger T-shirt and underpants only (no sandals or trousers/skirts let alone protection from rain!).

Conclusion. Hope these reflections are of some interest/catalytic value. As is evident I think UABS-PPP-SNAP tripod can link macro/micro and poverty reduction/growth raising. While the broad model is general the national contexts (including ways global, contexts impact on national) mean prioritisation (overall and within UABS-PPP-SNAP), articulation, operation, payoff levels and rates are likely to vary substantially.



- RHG

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