

Summary of Opening Presentation

To "Struggle Against Absolute Poverty" Seminar

Reginald Herbold Green
Senior Social Policy Advisor, DNP

As HE The Prime Minister has stressed, poverty and, in particular absolute poverty, is the central economic fact in Mozambique and the central economic challenge to Mozambicans.

Absolute poverty afflicts nearly 1,000,000 urban and over 8,000,000 rural Mozambicans (including 1,500,000 displaced across borders into neighbouring countries by war and terrorism). Absolute poverty is not uniform, those entrapped in it fall in identifiable groups.

In urban areas about 60% of absolutely poor persons are in female headed households. And virtually all female headed households in which the woman does not hold a registered, formal sector wage job are absolutely poor. About 10% of absolutely poor urban people are in households headed by aged and another 10% by disabled persons. The rural groups most affected are rather different - one-fifth are deslocados in Mozambique and one-fifth deslocados driven across frontiers; a quarter are sector familial households still near the ruins of their homes but pauperised by war and a third afectados who have been unable to resettle on adequate or suitable land.

But absolute poverty affects all of us. Rural absolute poverty leads to urban as well as rural food insecurity. It devastates exports (and thus ability to import). Over half of pre-war export earnings came from sector familial production. The weakness of the urban artisanal and micro enterprise sectors limits the range and quantities of goods available. The fact that two-thirds of Mozambicans are absolutely poor limits the market for the output of and therefore employment in manufacturing and commerce. Equally it cuts down tax revenues limiting government provision of basic

services and ability to pay reasonable wages and salaries. Absolute poverty affects all Mozambicans negatively not only those directly afflicted by it.

The causes of absolute poverty in Mozambique are multiple. The general collapse of the economy since 1981, basically as a result of the war, is the dominant one. It has been worsened by drought and an unfavourable international economic context. As a result prices have risen faster than wages or salaries and wage employment has decreased. The collapse of security, of transport and of the rural commercial network have pauperised the majority of rural sector familial households and of many urban artisanal sector households. The weakening economy and the direct impact of sabotage and terrorism have reduced the state's ability to provide basic health, education and water services.

PRE has not been a significant factor to date in respect to absolute poverty. The collapse in real wages, in rural incomes and in public services came primarily over 1981-1986. PRE has slowed and, perhaps, halted the rise in absolute poverty. However, it has not reversed it to any significant extent. That failure to reduce absolute poverty is a basic criticism of and challenge to PRE. The central economic strategy of Mozambique - PRE - must address its central economic problem - absolute poverty. That is the cause of PRE's being broadened into the Programme for Economic and Social Reconstruction.

The answers to absolute poverty are fourfold:

1. More production by poor people, as wage earners, as artisans, as sector familial members. This is the basic answer without which no strategy for the struggle against absolute poverty can be sustained. It is the reason transforming Emergencia into Rehabilitacao and expanding labour intensive production in the private sector and in public works is crucial;
2. Provision of basic health, education and water services to poor Mozambicans and their involvement in design, operation, maintenance and finance. One cost of lack of access to basic health care is loss of ability to work while ill. Caring for the sick and fetching water long distances are among the major workloads on poor women and girls and reduce their ability to grow food and to earn cash incomes. Education

is key to future (and in the case of adult education also to present) increases in productivity;

3. infrastructure restoration - both rural and urban, physical and market access - is needed to make production, transport and marketing expansion possible. If labour intensive it can also be a substantial source of cash income to many absolutely poor households, especially in rural areas.
4. Finally, some households cannot, or cannot yet, produce enough to escape from absolute poverty. For them transfer payments are needed. The dominant example is Emergencia but urban analogues on a smaller scale are needed especially for many female, aged person or crippled person headed households. This approach cannot be central or other than a last resort because Mozambique is so poor.

Absolutely poor Mozambicans are Mozambicans. They do not live in a separate economy. Nor are less poor and not so poor Mozambicans free from the burdens of poor or absent public services, damaged infrastructure, poor markets, low pay and risk of catastrophic losses from drought, war, injury of unemployment. The need is not to exclude those who are not absolutely poor from programmes to raise productivity, restore physical and market infrastructure and expand basic services. Rather the need is to ensure that these programmes are designed so that they do provide effective access and benefits to absolutely poor households. It is not a matter of saying the Priority District Programme should be limited to deslocados, afectados, regressados but one of ensuring that initial tools, household equipment, seed and food are available to these households so they can take part in and share in the gains from the PDP.

A series of strategic general programmes are as necessary for absolutely poor people as for other Mozambicans:

- a. the restoration of security;
- b. economic stabilisation which reduces inflation and increases the availability of both wage employment and the markets for the rural and urban (artisanal) sector familial;

- c. enhancing enterprise viability, production, investment and employment;
- d. restoring transport and commercial networks.

Equally evidently, universal access to basic services; primary health care - health education - preventative medicine, primary and adult education, pure water are crucial to absolutely poor as well as other households. However, it is necessary to take care in selection of areas for expansion and of means to financing the services to ensure that poor households do have access. The same considerations apply to rural roads.

What is needed in addition, is to pay attention to the special obstacles which may make absolutely poor households unable to benefit and to act to lower or to remove them.

For example, women's total workload is often 12 to 16 hours a day. To produce more or to take part in adult education they need measures enabling them to reduce present demands on their time. One way is providing pure water nearby - in rural areas and canissas this can save 3 to 6 hours a day of women's and girl's time per household. Another is health services which reduce illness and bring postos nearer - saving time spent caring for ill household members or taking them to health service facilities. Other areas include food processing and storage.

In the same way habit rather than logic means women are rarely hired for jobs in construction - including urban and rural roadworks - whereas they traditionally are in Asia or, after recent government intervention, in Botswana. Sanitation services demonstrate the role of habit - women traditionally are employed there so the reinstated Maputo refuse collection and street sweeping service does employ women as well as men. That is a good habit which should be generalised.

Similarly, war pauperised households - whether physically dislocated or not - cannot be assumed to be able to benefit from infrastructural restoration and extension without initial assistance not needed by presently producing sector familial households. They need tools to clear bush, to rebuild houses, to plant and tend crops. They need seed to plant and food to eat until a crop is won. And they need them at accessible locations in their home districts to which most wish to return.

They have a less obvious need too. This is that land not be alienated from the sectoral familial to enterprises or commercial farmers until the dislocated households have returned. Until then no one can know which land is in use (including fallow land held for rotation) and which vacant and, therefore allocatable. Premature alienation - as is happening in some districts - is deeply unjust, potentially socially explosive and certain to make the problem of absolute poverty more intractable.

The Priority District Programme, especially as it builds up over time to its initial 40 district target and beyond it to all 130 odd districts, should be a cornerstone in the struggle against absolute poverty as well as in the struggle to restore rural food self-sufficiency and substantial food and raw material flows to (and income streams from) urban markets. To do that it must be based on policies and on broad access at low cost per participating household not on physical projects and on high unit cost capital and skilled personnel intensive approaches such as those which have characterised NORADP and other large scale agricultural schemes.

Further, it needs to be a coordinated cluster of sectoral programmes notably in health, education, water, works, commerce and rehabilitation as well as agriculture. Coordinated because these programmes interact - e.g. unless roads are repaired the commercial network cannot be restored nor food surpluses sold and moved. But not integrated in the sense of a single programme run by a new bureaucracy outside District, Provincial and Ministerial governance and not accountable to the representatives elected by the people at district, provincial and national levels.

The central aims of PDP are to restore and strengthen rural production and welfare and to begin the process of eliminating absolute poverty in the sector familial. In its initial years it will need to be linked to a broader rehabilitation from emergency programme for the up to six million Mozambicans pauperised in place or dislocated by the war who have not taken up residence in urban areas. Most of the people have made very clear to those who asked that they wish to return to their home districts and rebuild their rural livelihoods.

An important feature of the PDP and of rehabilitation would be seasonal, labour intensive public works to restore basic rural infrastructure - roads, bridges, culverts, schools, health posts, water points. The infrastructure restoration is key to providing services and moving goods -

not least the food to families re-occupying their farms during the period before they can win a first harvest. At the same time, seasonal hiring of sector familial members for construction work will provide them with initial cash incomes while they rebuild their ability to produce and market agricultural surpluses.

To be effective the struggle against absolute poverty must be waged through central economic and budgetary resource allocations and programmes, not limited to a few side projects nor to the social service ministries. This means that the PTIP will need to be transformed in two ways:

- a. its overall analysis must relate to economic and project output goals including the recurrent budget and indirect output gains rather than being limited to particular capital expenditures and narrowly defined project viability (important as the latter assuredly is);
- b. poverty impact assessments will need to be built into the evaluation of projects and poverty impact become one of the main criteria in project selection.

Much of the work of the SDA Project team and, especially of its project analysis advisor, are seen as being devoted to this task.

But nothing can be accomplished by analysis alone and little by reallocating existing resources unless two basic criteria are met.

First, people must be involved in action identification and design, e.g. which rural roads are the first priority for rehabilitation; how fontenario based water user committees and resource collection systems should be organised. Further, that involvement and participation should be ongoing not just in acting to implement or paying fees but in managing and maintaining projects and in criticising (or advocating expansion) of programmes and projects. No one can make the majority of absolutely poor households non-poor except those households themselves. It is civil society's and the government's business to facilitate and to enable them to do so.

Second, nothing will happen if the only advocates of the struggle against absolute poverty are a handful of ministers and analysts. Not only will the message not spread, there will be no detailed identification of possibilities. You - the National Directors and Section Heads must not

merely agree but take initiatives. You know the particular possibilities in your sectors and programmes better than do those of us in Planning or Finance. Our business is to facilitate and enable you, just as yours is to facilitate and enable absolutely poor Mozambicans.

Summary of Closing Reflection

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Interaction and coordination are key strategic concepts in the struggle against absolute poverty and for development. For example, pure, accessible, affordable water; sanitation (drainage, refuse collection, latrines); nutrition (food supply to be bought, income to buy food, shambas to grow food) are all relevant to female headed households in canisa and peri urban Maputo. Absence of access to fontenarios requires spending time and money to secure - often polluted - water and reduces use with negative effects on sanitation, health and time to earn money or to grow food. Resultant illness reduces the body's ability to make good use of food eaten. Physically inadequate food supply raises the money and time cost of provisioning and limited or no shamba access can prevent turning time into food by growing or earning money to buy it.

Because the problems interact, so should the actions to resolve them. That means coordination because the areas cited involve several departments of Cidade do Maputo, the water company, the Ministries of Health, of Commerce, of Labour and of Agriculture. There is no possible way to unify their programmes but there is every reason to coordinate them and to cooperate on specific projects.

One focus of coordination should be the central economic ministries - Finance and Planning and their Provincial Directorates. But coordination is also needed at Ministerial and Provincial overall, directorate and project level. And - as the example illustrates - it should not be limited to

social service/human investment units but should transcend the rather artificial divide between them and the economic ministries and directorates.

Interaction goes beyond that operating among the components of the struggle against absolute poverty. More production by, and higher incomes of poor people are needed by all Mozambicans because of their urban food supply, export earnings, manufacturing and artisanal sector demand (and employment) linkages. And less obvious interactions also appear on examination - for example in respect to population trends.

The question of population policy has been raised. That area is an analytical, political and social minefield. However, some basic areas on which agreement should be possible do exist.

First, the war death toll means that the 1992 population is likely to be up to 1.5 million below projections from the 1980 census even if one includes Mozambicans displaced across borders and up to 3 million lower excluding them. Many households and communities have suffered severe loss of life, i.e., their population has shrunk and calls for deliberate reduction of population growth will - quite reasonably - be quite unacceptable to them.

Second, there is broad agreement that family (child) spacing is good for mother and child health and household economic stability and - at least in urban areas - that very large numbers of children do reduce both household welfare and child survival. Therefore, there is a real demand - especially among women - for family planning advice at least to facilitate child spacing. That demand should be met. It might usefully be made more effective by education specifically targeted on men. African experience is that women understand the costs of too many children, too fast much better than men. That is not surprising. What is surprising is that family planning/child spacing education in most African countries is overwhelmingly targeted on women when, it

would appear, that convincing men was at least of equal priority (as it is in, e.g. the Philippine family planning educational effort).

Third, it is very misleading to say rising population causes poverty and to stop there. Rising poverty also causes rising population and the two interact. Empirically the following programmes would appear to be ones which would, over time, lower the birth rate:

- a. reduction in infant mortality (averting the need to insure by having many children to be sure a few will survive to maturity);
- b. increase in average levels of female education;
- c. reduction in food insecurity, especially the forms symbolised by severe child malnutrition;
- d. presence of old age security beyond support by ones own children.

These four programmes by themselves might not reduce the birth rate rapidly. Increased sector familial incomes from better access to markets and to land could, under certain circumstances, have a countervailing impact. But these four factors have historically facilitated and been associated with moving toward less rapidly expanding populations. Further, each is widely supported socially and politically and has a role of its own in the struggle against absolute poverty. These considerations argue that they should be among the initial building blocks of a population policy while data and analyses are amassed to consider other elements in it.

Programmes not projects are basic to turning goals and targets into articulated action including policies and projects. Furthermore, while data is crucial much of it should - indeed can only - come from absolutely poor households who know their own needs and capacities and frequently have workable specific programmatic proposals.

The logical sequence is to identify aims and from them to identify instruments to move toward accomplishing them and the resource requirements (finance, foreign exchange, skilled and professional personnel, logistics, specific material goods) for operating the instruments. Targets in a form enabling checks on progress toward them and timescales for their fulfilment are also needed, as are both recurrent and capital budgets prepared and approved in an interlocking exercise. To create capital assets without recurrent funds (and personnel) to maintain and operate them while to seek to operate a recurrent programme without underlying infrastructural, equipment, building and vehicle capital assets is, at best, inefficient.

Because resources are scarce, a general criterion - especially in rural development and in the struggle against absolute poverty - should be broad access, low unit cost programmes. Participation, as noted earlier, goes beyond benefiting and implementing. To be fully effective at those levels, participation is also needed at the identification and design as well as the evaluation and review stages and at the management-operation-routine maintenance levels.

Participation in paying for services is often misunderstood. Public services are paid for. This is as true if education is funded out of sales tax revenues as it is if there are substantial school attendance fees or if urban councils collect site and building rates and use a portion to finance fontenario water supply or require user committees to collect funds to meet maintenance and a proportion of overall operating costs.

Fees have no virtue in and of themselves which sales or income taxes or site and building rents and rates do not. The issues in what mix of revenue sources to use are pragmatic:

- a. collection cost relative to revenue (very high for any fee under Mt 1,000 but quite low for sales tax);

- b. the relationship of total user fees for basic services relative to poor households income;
- c. the possible greater acceptability of user specific charges as opposed to general ones not readily related to actual provision (or otherwise) of services;
- d. decreased needless use of services and greater attention to care and maintenance (albeit in some cases user committees are likely to be much more central to this than are fees as such).

In general it is a fallacy to assume that the more different taxes and charges, the more revenue. This is especially true if collection and accounting personnel are scarce, as they are in Mozambique. Further, fee collection costs usually run 10% to over 50% of revenue collected vs 2% to 5% for broad based indirect taxes and property rates, and 5% to 10% for direct (income) taxes. Furthermore, the ratio of actual collections to estimates of amounts due, is usually - not always - higher for broad based taxes as illustrated by health charges in Mozambique.

There is no reason to reject fees out of hand, e.g. more fontenarios with user involvement in management and meeting costs would probably lower the collection time plus cash payments to water carriers costs now incurred by most canisa households. However, there is no reason to apply them without checking suitability. Preventative medicine (including vaccination, child and mother care) is unsuitable - broad access has external economies, very poor households do not have the cash to 'buy' optimal (or even adequate) levels of prevention. Health services in general pose problems. Medical service use is usually highest when (as a result of the same illness) income is lowest. That is not the time to raise costs further - a user committee/annual fee for primary health care approach (i.e. proto-health insurance) would be economically as well as humanly preferable.

In building up an effective strategy against absolute poverty and articulated policy, programme and project clusters to implement this, there is a need for more data, more analysis and more pilot projects to test new approaches. But there is also a need to act beginning now. Many elements are clear, e.g. that if 6 million dislocated and pauperised in place sector familial members are to restore their livelihoods they must be provided with tools, seeds and food in the areas to which they return; or that rural residents are perfectly able to identify which local transport and public service buildings are the initial priorities for rehabilitation. In many cases - including the first of the two examples - rough orders of magnitude district by district could also be built up quickly. To substitute studies of long term institutional restructuring or even post return services for mobilising the financial, personnel and logistical resources to meet the food-seeds-tools increase is pure escapism and its result negligent homicide. Certainly the studies and the services matter and certainly a start on them should be made now. But the first priorities are food for survival and food-seeds-tools to enable livelihood rehabilitation.

In rural areas this conversion of emergencia into rehabilitacao - and a smaller, parallel programme (backed by demobilisation grants) to enable 100% of 'Renamo' and 80% of Mozambican Army personnel to return to productive rural life (which most left to fight) - is the centre piece. The PDP is in a real sense the continuation and deepening of that first step.

Because basic public services decrease women's workload and raise the productivity of all their users now as well as in the future, health-education-water are also immediate priorities. Priorities now - step by step as security allows - not to be deferred until a formal peace agreement or a full end to violence. Because physical and market infrastructure are needed to make possible, validate and incentivate production, they too are needed now on the same time scale as basic services. The physical infrastructure case illustrates the value of participation and the ability to identify a good

deal without sophisticated long term analysis, if planning is decentralised and the knowledge of the local people who do know what they need is used. It also illustrates the need for acting differently in this case, using labour intensive methods hiring sector familial members (including women) during the agricultural low time demand season, to augment sector familial cash income.

In urban areas, large projects, macro economic policy and wage rates matter. Each needs to be evaluated in terms of its direct and indirect impact on absolute poverty reduction - not to the exclusion of other criteria but as a major criterion in its own right.

More direct action turns on enabling the urban sector familial (artisan) and micro enterprise sectors. Here more data is needed if pilot programmes are to be expanded to all substantial towns and to the urban sector familial proper. What components of an enabling strategy (less and more speedily provided regulation/licensing, a lower tax burden, credit institutions capable of processing and handling small loans promptly, improved market and input access, provision of specialised services - e.g. bookkeeping - at affordable costs, training for micro and household enterprise heads and their - more numerous - employees) are most crucial and which should come first in time, is not clear. A first step might be pooling of experience, cooperation and an agreed division of labour among the institutions already active in these sectors.

As I said in my opening remarks, what this conference means - will mean - to absolutely poor Mozambicans does not depend primarily on the strength (or otherwise) of its basic paper, the quality of discussion here nor on what SDA in DNP does. It depends on whether you agree with, and are willing to act on the propositions set out above - with many of which there appears to be broad consensus as to directions and key initial elements. Only when the struggle against absolute poverty is internalised in government evaluation of proposed resource allocations and all specialist ministries and provincial

directorates take part in articulating and pushing the struggle along, can one hope for substantial, sustained progress from the present reality that most Mozambicans are poor and miserable, to a new reality in which they are increasingly enabled to achieve a minimum decent standard of living based on rising production and access of basic services and infrastructure.

à luta continua!