

# Mozambique Social Protection Assessment

Review of Social Assistance Programs and  
Social Protection Expenditures

José Silvério Marques

Africa Social Safety Net and Social Protection Assessment Series



October 2012



THE WORLD BANK

# MOZAMBIQUE

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Until recently, most countries in Africa implemented safety nets and social protection programs only on an ad hoc basis. In the wake of the global economic, food and fuel price crises starting in 2008, however, policymakers in Africa began to increasingly view safety nets as core instruments for reducing poverty, addressing inequality, and helping poor and vulnerable households to manage risk more effectively. During FY2009-2013, to support governments in their quest to understand better how to improve the efficiency and effectiveness of safety nets in their countries, the World Bank's Africa Region undertook social safety net or social protection assessments in a number of countries in Sub-Saharan Africa. By 2014 assessments have been completed or are under preparation for over 25 countries in sub-Saharan Africa. These assessments analyze the status of social protection programs and safety nets, their strengths and weaknesses and identify areas for improvement, all with the aim of helping governments and donors to strengthen African safety net systems and social protection programs to protect and promote poor and vulnerable people. They were all carried-out with the explicit aim of informing governments' social protection policies and programs. With the results of analytical work like these assessments and other types of support, safety nets and social protection programs are rapidly changing across Africa. For a cross-country regional review, please see ["Reducing Poverty and Investing in People: The New Role of Safety Nets in Africa,"](#) which pulls together the findings and lessons learned from these assessments and other recent studies of safety net programs in Africa.

## Abstract

This assessment shows that Mozambique social protection system is developing. While programs to address most of the risks identified exist, there are still major gaps. Poor families with children are not adequately supported, there is no significant youth program, and subsistence farmers and other workers are not properly protected against recurrent shocks. The government spends a considerable amount of its resources on social protection but most are absorbed by untargeted subsidies and pensions that benefit only a few. This assessment suggests that it will be necessary to address three mutually complimentary issues: developing effective mechanisms to maximize the impact of social protection on reducing poverty; rationalizing public expenditures while filling existing program gaps; and strengthening institutional arrangements. In order to address the multiple challenges Mozambique faces to support particularly vulnerable groups and reduce extreme poverty and food insecurity, the report proposes a gradual approach framed in the existing social protection strategy approved by the Government in 2010.

**JEL Classification:** I32, I38, J32, H53.

**Key Words:** social protection, systems, safety nets, social assistance, welfare, administration, public policy, public sector reform, developing countries.

## Currency Equivalents

Currency Unit = Metical (MT)  
(Exchange Rate Average 2010)  
MT 33.2 =US\$ 1.00

## ABBREVIATIONS AND ACRONYMS

CCT	Conditional Cash Transfer
DDMAS	Direcção Distrital da Mulher e Acção Social (District Directorate for Women and Social Action)
DNAS	Direcção da Nacional de Acção Social (National Directorate for Social Action )
DFID	UK Department for International Development
GOM	Government of Mozambique
HDI	Human Development Index
IOF	Inquérito ao Orçamento Familiar (National Household Survey on Living Conditions)
ILO	International Labor Organization
INAS	Instituto Nacional de Acção Social (The National Institute of Social Action)
INEFP	Instituto Nacional de Emprego e Formação Profissional (National Employment and Professional Development Institute)
INGC	Instituto Nacional de Gestão de Calamidades (Institute for the Management of Natural Disasters)
INSS	Instituto Nacional de Segurança Nacional (The National Institute for Social Security)
ME	Ministério da Educação (Ministry of Education)
MF	Ministério das Finanças (Ministry of Finance)
MISAU	Ministério da Saúde (Ministry of Health)
MMAS	Ministério da Mulher e da Acção Social (Ministry of Women and Social Action)

M&E	Monitoring and Evaluation
MPD	Ministério de Planificação e Desenvolvimento (Ministry of Planning and Development)
NGO	Non- Government Organizations
OVC	Orphans and Vulnerable Children
PARPA	Plano de Acção para a Redução da Pobreza Absoluta (National Action Plan of the Reduction of Absolute Poverty)
PASD	Programa Apoio Social Directo (Direct Social Support Program)
PBST	Programa Beneficio Social Pelo Trabalho (Social Benefit for Work Program)
PDC	Programa Desenvolvimento Comunitário (Community Development Program)
PGR	Programa Geração de Rendimento (Income Generation Program)
PRSP	Poverty Reduction Strategy Program
PSA	Programa Subsidio de Alimentos (Food Subsidy Program)
PWP	Public Works Programme
SETSAN	Secretariado Técnico de Segurança Alimentar e Nutricional (Secretariat for Food Security and Nutrition)
SA	Social Assistance
SI	Social Insurance
SISTAFE	Sistema de Administração Financeira do Estado (State Financial Administration System)
SP	Social Protection
SPS	Social Protection System
UNICEF	United Nations Children’s Fund
WFP	World Food Program

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## EXECUTIVE SUMMARY

### I. Context, Purpose, and Conceptual Framework

1. Mozambique's economy grew by about 7.5 percent per year between 1992 and 2009. Poverty fell from over 70 percent to about 60 percent between 1996 and 2003. However, progress in reducing poverty over the last few years has substantially lower because growth was less inclusive with no visible gains in production and productivity in labor-intensive sectors particularly in subsistence agriculture. Poverty incidence is still affecting more than half of the Mozambican population is still poor. With a population of 22.9 million and per capita income of only US\$471, Mozambique remains one of the world's poorest countries. Food represents more than two-thirds of the average consumption of poor households. It is estimated that about 20 percent of the population is food-insecure, and almost half of children under the age of 5 are chronically malnourished. Extremely poor and vulnerable households are highly exposed both to seasonal shocks (like the annual dry season) and to frequent but unpredictable non-seasonal shocks (like cyclones, floods, or significant variations in fuel or food prices). The recent economic slowdown may have reversed some of the earlier gains in poverty reduction and has negatively affected household consumption. This is a clear indication that Mozambique needs an effective social protection system (SPS) to protect and promote the most vulnerable from the negative effects of shocks and to foster their inclusion in the country's economic and social development process.

2. Early in 2010, the government approved the National Basic Social Security Strategy (Segurança Social Básica or ENSSB) covering the period 2010 to 2014. The ENSSB aims to extend social protection coverage with the objective of including poor and vulnerable populations in the country's development process. The ENSSB has four parts:

(i) Direct Social Action, in which the government has made further efforts to organize social assistance interventions. These are mainly transfer programs for the poor and vulnerable who are unable to work, as well as short-term, in-kind transfers provided in response to temporary vulnerabilities and other social welfare services. The Ministry of Women and Social Action (MMAS) and the National Institute of Social Action (INAS) are responsible for the interventions in this category including the main unconditional cash transfer program, the Food Subsidy Program (Programa Subsidio de Alimentos or PSA).

(ii) Education Social Action, managed by the Ministry of Education. This includes social protection programs such as school feeding that aim to facilitate access to basic education, thus increasing enrollment and attendance.

(iii) Health Social Action, overseen by the Ministry of Health. This includes measures and programs to promote access to basic health care for vulnerable groups (such as people with HIV) as well as nutrition interventions.

(iv) Productive Social Action, a cross-sectoral approach that aims to increase access to income-generating opportunities for the poor and vulnerable who are able to work through employment and livelihood interventions, including public works and social funds.

3. Even though the ENSSB provides a framework for the future development of comprehensive safety net interventions, most of its operational aspects are still being defined, especially those in the Direct Action and Productive Social Action areas. Several studies or evaluations have been done of specific programs or target groups, but there is still no comprehensive analysis of the social protection landscape in Mozambique with a vision of an effective social protection system.

4. The objective of this study is to assist the Government of Mozambique in the consolidation and implementation of the ENSSB by reviewing of the country's social safety

net programs and social protection expenditures and by seeking to answer the following questions:

- a. How adequate is the social protection system to meet the needs of the various groups that require assistance?
- b. How cost-effective are the social protection programs?
- c. How responsive is the social protection system in addressing emerging vulnerabilities?
- d. Is the range of existing programs appropriate for the country's needs?

5. To meet its objectives, the study uses the so-called lifecycle (or life-course) analysis and is organized as follows. After a brief discussion in Chapter I of the main risks facing families in Mozambique and of the conceptual framework underpinning this assessment, Chapter II identifies the main vulnerable groups, discusses the principal risks that these groups and households in general face, and estimates the number of individuals or households who are at risk. Chapter III reviews the principal programs that are in place to address these risks. Chapter IV assesses the adequacy of the social protection system by analyzing the following: (i) spending and budget arrangements; (ii) program coverage, gaps, and overlaps; (iii) the generosity of benefits; (iv) targeting and selection mechanisms; (v) cost-effectiveness; (vi) institutional and coordination arrangements; (vii) monitoring and evaluation; and (viii) sustainability. Chapter V presents the conclusion and recommendations. Annex I presents the questionnaire that we used to collect information on the social assistance programs.

## **II. Risks, Groups at Risk and Programs**

6. The poor (or the near poor) is usually the most vulnerable group in a society because it does not have the assets (human and physical) to respond to adverse shocks, and therefore after a shock has a high probability of becoming poorer (or poor). The IOF

2008/09 indicates that in Mozambique not only over one-half of the population remains poor, but also that a large share is near the poverty line. Over 60 percent of all Mozambicans are below the poverty line plus 10 percent, and two-thirds are below the poverty line plus 25 percent; in the Northern Region nearly 80 percent are below the poverty line plus 25 percent. This makes these Mozambicans very vulnerable to small variations in income, either seasonal or annual.

7. Mozambique is highly vulnerable to shocks either recurrent natural disasters, particularly droughts, floods, and cyclones or predictable seasonal shocks (lean season)<sup>1</sup>. According to a 2007 FAO assessment, 20 of the 128 districts in the country are “highly prone to drought”, 30 to flooding, and 7 to both. Poor and nearly poor households are also exposed to annual seasonal shocks and a significant proportion of households, especially those in rural areas, are exposed to food insecurity.<sup>2</sup> This pattern is particularly marked in rural areas of the four provinces in central Mozambique. It is estimated that about 40 percent more calories are consumed in good months compared with the lean season<sup>3</sup>.

8. Conditions of poor households differ in urban and rural areas. On average close to 80 percent of primary income in the country comes from agricultural activities, which is highly seasonal and susceptible to climatic shocks. However, while about 90 percent of employment in rural areas consist of farmers and a minor proportion of agricultural wage, about two thirds of urban residents obtain their primary income from non-agricultural activities. This results in the urban poor being more exposed to economic shocks, unemployment and low income instead of seasonal or climatic shocks. Indeed, food prices and the financial crises were the main shocks in urban areas in 2008/09 affecting more than

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<sup>1</sup> In the last twenty years, Mozambique experienced 8 major droughts, 16 major floods, 2 costal floods/storm surges, and 9 tropical cyclones, causing loss of live and severe economic damage. "EM-DAT: The OFDA/CRED International Disaster Database, [www.emdat.be](http://www.emdat.be) - Université catholique de Louvain - Brussels - Belgium"

<sup>2</sup> Azzari, C. G. Carletto, B. Davis and A. Nucifora (2011) “Child Malnutrition in Mozambique”, mimeo. Arndt, C., M. Barslund and J. Sulemane (nd) “Seasonality in Calorie Consumption: Evidence from Mozambique”, mimeo.

<sup>3</sup> Arndt et. al.

50 percent of urban residents and exacerbating food insecurity<sup>4</sup>. While rural households were also affected by food prices (at a lower rate), these households are regularly exposed to seasonal shocks as well as frequent climate-related shocks (droughts, floods, etc.) which also increase their food insecurity<sup>5</sup>.

### **III. Assessment of the Social Protection System**

9. The Government of Mozambique has taken important steps in the last few years to put in place a framework to strengthen the SPS. This legal and policy framework is very much aligned with the current international best practice. Indeed, the new World Bank's Social Protection Strategy for 2012-22 under discussion calls for building social protection systems, not only a collection of social assistance and insurance programs, which should provide three basic functions: prevention, protection and promotion. Prevention corresponds to the GOM's Compulsory and Complementary Social Security; Protection to Direct, Education, and Health Social Action; and Promotion to Productive Social Action. The complexity of building social protection systems should not be underestimated. It entails many different actors and preferences, programs, policies, instruments, institutions, financing, and often difficult trade-offs. The pace of construction of social protection systems must therefore be adequate to each country's institutional and financial conditions and capabilities.

10. Mozambique's social protection system is a "work in progress". From the assessment made, it can be concluded that there are still important program gaps, particularly programs for poor families with children, for youth at risk, and to help seasonal agricultural workers and the urban unemployed; many programs have low coverage and generosity; there is program fragmentation (i.e., various pension plans) and duplication

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<sup>4</sup> IOF 2008/9.

<sup>5</sup> Azzari, C. G. Carletto, B. Davis and A. Nucifora (2011) "Child Malnutrition in Mozambique", mimeo. Arndt, C., M. Barslund and J. Sulemane (nd) "Seasonality in Calorie Consumption: Evidence from Mozambique", mimeo.

(assistance programs); MOF's pensions and fuel subsidies absorb a large share of social protection expenditures and do not benefit the poor; and there is substantial room to improve targeting and beneficiary selection mechanisms and increase program cost-effectiveness.

11. Estimates of spending according to the GOM's Social Protection Framework indicate that about 44 percent is spent on Basic Social Security and 56 percent on Compulsory Social Security (excluding subsidies). Within Basic Social Security, Direct Social Action programs absorb 35.6 percent of spending; Education Social Action, 43.9 percent; Health Social Action, 13.1 percent; and Productive Social Action, 7.4 percent. External resources finance two-thirds of Basic Social Security. External resources finance one-third of Direct Social Action; two-thirds of Education Social Action; 90 percent of Health Social Action; and 69 percent of Productive Social Action.

12. The major social assistance programs in Mozambique have low coverage relative to the number of individuals at risk, including the unconditional cash transfers (PSA) and the other INAS's programs, school lunches, HIV/AIDS programs, and food for work. INSS has low coverage as it covers less than 5 percent of the labor force and 88 percent of elderly have no pension. Out of the 37 programs for which some information has been obtained, 5 programs have been identified with high coverage, 1 with fair coverage, and 31 with low coverage. MOF's pension plans cover all public employees and therefore are classified as having high coverage, though public employees and their dependents represent less than 3 percent of the population. The other programs with high coverage are the micronutrients programs which according to MOH's Surveillance Program cover all the "intended" target group though many children continue to suffer from malnutrition (44 percent of the under five are stunt). The program classified with fair coverage is adult education, as it covers 1.1 million adults of the estimated 5.9 million illiterate adults in the country.

13. The expenditure data and the program coverage data indicates that major program gaps include those for poor families with children, programs for youth, and programs for the working poor, particularly those facing recurrent weather related shocks. On the other hand, there is fragmentation and duplication of social assistance programs and poor program coordination which rests effectiveness to social protection spending. For instance, there is fragmentation of youth and training programs and there are three major pension plans operated by MOF and INSS. Moreover, INAS has been implementing microcredit and training programs, and building schools and health posts while other institutions in the government are specialized in these areas. There is lack of coordination between INAS and the institutions in charge of education, health, youth, training, and microenterprise programs. There is also lack of coordination between public entities and NGOs and other civil society organizations which leads to duplication of efforts. Some analysts have indicated that there is significant level of program fragmentation and duplication and un-coordinated activities on the part of NGOs working in the social sectors. For instance in the health sector, there is a number of international organizations, donors, and NGOs active in the sector (PEPFAR, Clinton Foundation, Save the Children, Bill Gates Foundation, etc.) that use their own implementation mechanisms and financing channels other than the state budget.

14. Most assistance programs are not generous. PSA generosity (defined as the amount of transfer divided by Q1 household food expenditure) is below the median for a sample of countries with similar transfer programs. PSA transfers only cover a small share (24 percent) of the food requirements of the poorest families. Likewise, the minimum INSS pension only cover the basic food needs of the poorest family but no other essential goods and services. Even the families of those receiving the average INSS pension might be below the poverty line if the pension is their only source of income. MOF pensions are more generous as its retirees can afford expenditures of better off (Q4) households.



15. The targeting accuracy of major social assistance programs is quite poor, though two caveats are in order. First, the distribution of poverty across quintiles is quite flat, therefore reaching the poorest of the poor is a greater targeting challenge in Mozambique than in countries where this group is more easily identified; secondly, the large share of population involved in informal sector and subsistence farming activities makes it also more challenging to target on the basis of income or consumption measures compared to countries with larger formal sectors and monetized economies. With these caveats in mind, the targeting accuracy of the two programs that are designed to reach the poor and for which there is information on targeting results (PSA and PASD) is quite low. Therefore INAS should improve its beneficiary selection mechanisms.

16. Program fragmentation and duplication and lack of coordination of interventions rest cost-effectiveness to the social protection system. On the other hand, INAS's major programs (PSA, PGR, PBST) have high administrative costs and some program (PBST, PGR) have little lasting poverty impact. Poor targeting also contribute to low cost-effectiveness as the benefits end up in the hands of some better off while some of the neediest are excluded from the programs.

17. MMAS and INAS are in need of substantial institutional strengthening, particularly now that heavy demands are being placed on them for the development and implementation of the National Strategy of Basic Social Security (ENSSB). Coordination of interventions also remains a challenge. There is still is a lack of coordination across sectors, with most programs unable to exploit the synergy that could be generated from closer coordination in program design and implementation. At local level, challenges remain to coordinate the actions on the ground because of the lack of clear definition of roles of the different actors.

18. Despite progress made in recent years in developing monitoring and evaluation (M&E) systems in Mozambique, weaknesses remain as a consequence of an abundance of

processes and methodologies. At the central level, three distinct systems exist for monitoring and evaluating the Economic and Social Plan (PES), PARPA and the Sector Strategic Plans. The system to monitor the execution of the PES (known as balance do PES) is the most entrenched at all level of government and indeed it has been a major source of information for this study. These national systems are in turn supported by a multitude of sectoral and provincial systems that have not benefited from a consistent methodology or standardization. The development of a culture of management by results and monitoring and evaluation of policies and programs is a process that requires continued commitment and effort from the GOM authorities and investment in information systems and staff training.

19. Mozambique is a poor country and it will continue to require foreign support for many years to come. As discussed, external resources finances about two-thirds of Basic Social Security. This heavy dependence on external resources raises issues of program sustainability over the longer term and calls for using existing resources in the more efficient and effective possible way.

#### **IV. Conclusions and Recommendations**

20. The Government of Mozambique has taken important steps in the last few years to put in place a framework to strengthen the social protection system. This legal and policy framework is very much in keeping with the current international best practice. Indeed, the World Bank's forthcoming Social Protection Strategy for 2012-22 calls for building social protection systems rather than just a collection of social assistance and insurance programs. It also specifies that these systems should provide three basic functions: prevention, protection and promotion. Prevention corresponds to the GOM's Compulsory and Complementary Social Security; Protection to Direct, Education, and Health Social Action; and Promotion to Productive Social Action. The complexity of building social protection systems should not be underestimated. It entails many different actors, preferences,

programs, policies, instruments, institutions, and financing and often requires policymakers to make difficult trade-offs. Therefore, the pace at which a social protection system can be built must depend on the specific institutional and financial conditions and capabilities of the country in question.

21. Mozambique's social protection system is "work in progress". From the assessment made it can be concluded that the Mozambique's SPS: (i) is not very adequate to meet the needs of the population as there are many small, fragmented programs and a small number of people receive significant benefits and the majority little or nothing; (ii) is not cost-effective as the major assistance programs are poorly targeted and have high administrative costs; (iii) is not responsive to emerging vulnerabilities as most programs have low coverage and generosity; and (iv) does not have the adequate range of programs to meet the needs of different groups since there are still important program gaps, particularly programs for poor families with children, for youth at risk, and to help seasonal agricultural workers and the urban unemployed.

22. In Mozambique, following the Namaacha's workshop in May 2011, the MMAS and INAS have developed a proposal to restructure their programs. The proposal establishes four areas of intervention: (i) monetary transfers for an unlimited time that will comprise a Program of Basic Social Subsidies (Programa de Subsidio Social Básico) based on an expanded PSA; (ii) monetary transfers for limited time that will include the Program de Apoio Social Directo (PASD) divided into an ad hoc component and a long-term support component; (iii) social assistance services for vulnerable and abandoned children, elderly people, victims of violence, and the homeless that will include a Program of Institutional Attention (public nurseries/kindergartens and support centers for the elderly, the handicapped, and repatriate) and a Program of Family Orientation and Reunification; and (iv) productive social action in the form of a labor-intensive public works program and a component of support to the Development of Income Generation Activities Program.

23. The MMAS/INAS proposal, which was recently approved by the Cabinet, is an important step towards developing a vision of an integrated social protection system in Mozambique that: (i) responds effectively and flexibly not only to existing risks but also to shocks; (ii) exploits synergies between programs and is based on shared operational platforms to increase programs' impact and cost-effectiveness; and (iii) includes a unified social insurance program, rationalized social assistance programs, effective labor market programs, and closer links between programs and social and productive services. The discussion in this study suggests that it will be necessary to address three mutually complimentary issues in order to achieve this vision: developing effective mechanisms and processes to maximize the impact of SP interventions in terms of reducing poverty; rationalizing public expenditures while filling existing program gaps; and strengthening institutional arrangements. It is also important to keep in mind that the most important strategy for reducing the vulnerability and poverty of Mozambican families, which is the major objective of the social protection system, is to continue to pursue growth-oriented, job-creating, pro-poor policies. Having a stable job that pays a reasonable wage is the main way for individuals and their households to rise out of or avoid falling into poverty.

24. Given its capacity and resources limitations, the GOM should address these issues in three stages. In the first stage, the GOM could focus on: (i) consolidating the basic social assistance system by restructuring the PSA (into a new Basic Social Subsidy Program), implementing a labor-intensive public works program that will help the poor to survive during the lean season and will fill part of the programmatic gap, and strengthening the traditional social services; (ii) improving processes and mechanisms (by creating a new operational platform) to increase the cost-effectiveness of interventions; and (iii) deepening the social security reforms. In the second stage, the GOM should consider introducing an unconditional transfer program for poor families with children (particularly for labor-poor families) to fill the other part of the programmatic gap. This program and the PSA transfer program would both be based on the new operational platform and would be linked with education, health, and other related services and with public works, training programs, and

other income-generation activities. The third stage would focus on evaluating the new programs, tightening the links between programs and services, and strengthening coordination mechanisms with NGOs. Reducing program fragmentation and duplication should be a goal during all three stages.

## **A. First Stage**

25. During this first stage the focus should be on consolidating the basic social assistance system and implementing a labor-intensive public works program that will help the poor to survive during the lean season.

### **I. Consolidating the Basic Social Assistance System**

26. Consolidating the basic social assistance system should be done gradually. The focus of social action activities should be a combination of the Basic Social Subsidy Program and the Productive Social Action Program. The former would be a reformed and enhanced PSA, while the latter would consist of a labor-intensive public works program. It is expected that these two programs will account for over 80 percent of the social assistance budget during the first few years of this stage.

27. A strategic combination of public works programs and cash transfers would provide vulnerable groups with access to productive, income-generating activities and to social services. The public works would provide vulnerable groups with seasonal work and a predictable source of income, thus helping them to smooth their consumption and avoid the need to make negative investment decisions (such as selling off their assets or eating less food) while also improving their wellbeing. In the medium term, participation in public works program is expected to help vulnerable households to accumulate assets, thus making it more feasible for them to adopt more productive income-generating activities. The reformed PSA would continue to be a permanent intervention implemented

throughout the year, albeit with some adjustments to its targeting mechanisms and to the controls over the disbursement of funds. Gradually, it may be possible to make both interventions linked on the use by beneficiary households of education, health, and nutrition services.

28. Consolidating the basic social assistance system would involve adjusting and consolidating the PSA, scaling up the labor-intensive public works program, and strengthening social services.

**a. Basic Social Subsidy Program**

29. The Basic Social Benefit, which will build on the existing Food Subsidy Program, will have a greater focus on children as the indirect beneficiaries (as dependents) of this transfer. Only those households that include no able-bodied people of working age and have no other source of support (such as pensions) will be eligible. The level of the transfer will be reviewed to ensure effectiveness of the program.

30. The transfer, which will be allocated by household, will consist of a baseline amount plus 25 percent for each dependent up to a maximum of four dependents. This formula is used to ensure that the minimum needs of each individual are met, using as proxy estimates of the IOF, in its approach to poverty lines.

**b. Implementing a Labor-intensive Public Works Program**

31. INAS's Public Works Program with Intensive Use of Manpower, which is being developed by the GOM with the support of the World Bank, is one of the main interventions of the Productive Social Action pillar of the Basic Social Assistance Strategy. This is expected to be supplemented by other programs related to income generation in the second stage of the reform. Its target population is the chronically food-insecure whose situation is

aggravated periodically by droughts and floods as well as the able-bodied unemployed. The objective is to stabilize income and to reduce vulnerability to future shocks by providing monetary transfers in exchange for temporary work. The program will be implemented during the dry season or during other times when rural workers cannot find work in agriculture and when food insecurity is higher. In urban areas, this seasonal aspect of food security does not exist, but certain types of work need to be performed at certain times of the year (for example, drainage ditches need to be cleaned around February/March).

**c. Strengthening Social Services**

32. It is important to keep in mind that, when new social assistance programs are implemented, there is a danger of crowding out resources for the traditional social services, which serve abandoned children, orphans, foster children and other children in the care of the state, the disabled, the homeless, and the indigent elderly. These programs are the foundation of social protection and should always be given a high priority by the government. In Mozambique these programs include the social services provided by the MMAS, residential care for needy children, the elderly, and the disabled provided by INAS's Unidades Sociais, and the (ad hoc) emergency assistance by INAS's Direct Social Assistance Program. The GOM is also responsible for regulating the provision of these services by the private sector, NGOs, and faith-based organizations. Therefore, these programs and services should be adequately resourced.

**II. Establishing a New Operational Platform**

33. The ILO and INAS have signed an agreement recently to develop and implement a new management information system (MIS). This will create a unified central beneficiary database (registry) and will help to improve the management of INAS's programs. This is a very important development. The MIS will be based in Maputo, with access to all of the 30 INAS delegations, and will benefit from the most recent IT, communication, and safety and

safeguard technologies. The applications will be web based. The system will cover five processes: system management; beneficiary management; subsidies payment management; subsidies finance management; and statistical reports management.

34. The reformed PSA will use this new platform. In addition, INAS should review its targeting and beneficiary selection mechanisms, payment mechanisms, grievance and appeal processes, program recertification and exit rules, and program monitoring and evaluation systems as discussed in detail in Chapter V.

### **III. Reforming Social Security**

35. Mozambique's pension system has several significant shortcomings including fragmentation, the low coverage and modest benefits of the INSS, and increasing public expenditure on the MOF's pensions. The GOM has begun to reform the social security system with the support of the World Bank and ILO with the aim of slowly reducing fragmentation and merging the existing plans over the longer term.

36. The World Bank is helping to reform the MOF's pension plans, including by conducting functional and actuarial studies. ILO is supporting the reform of the INSS to ensure its long-term financial viability. So far the INSS has revised its investment portfolio and is developing an investment strategy. It is improving the way in which it registers its contributors and is strengthening collection methods. It is also conducting an actuarial study based on the audited accounts of 2004-08, and it plans to reform its organizational structure and introduce a modern management information system (MIS). In addition, the INSS should aim to increase its coverage of the labor force. The priority should be to ensure that all private sector firms contribute to the system and delinquency rates are reduced. Next it should seek to cover the self-employed, initially by concentrating on the easier-to-reach organized professional groups such as lawyers or engineers.



## **B. Second Stage**

37. In this stage, the authorities should focus on complementing the revamped PSA transfer program for the elderly poor and others unable to work (social pension) with a transfer program for poor families with children, both based on the new operational platform. They should also link these transfer programs with education, health, and other social services and link labor-intensive public works programs with training, credit, insurance, and other financial services.

### **I. Social Pensions and Transfers to Families with Children**

38. The MMAS and INAS propose dividing the PASD into two interventions: a short-term, ad hoc transfer for families and a long-term transfer (Apoio Prolongado) for specific groups such as families with children with nutritional deficiencies, child-headed households, the chronically ill (bed-ridden) and women heads of household who are temporarily unable to work. However, we recommend that this long-term component should be included as part of a new transfer using the PSA operational platform. Specifically, we recommend that the GOM consider developing two unconditional cash transfers based on the common PSA operational platform (see the first stage) and filling the other programmatic gap as follows:

- Social Pension (Pensão Social) for the elderly poor who have no children in their household, the disabled, and the chronically ill who are unable to work and have no pensions or other source of income.
- Support to Children (Apoio as Crianças) for poor families (particularly labor-poor families) with children aged 0 to 17 years and child-headed households.

39. Target Groups. The first target group is already being covered by PSA. The number of the elderly as well as other potential beneficiaries (people with chronic diseases, unable to work, and living without children) would need to be determined. The second target group is poor families with children (particularly labor-poor families such as those with a single earner, a high dependency ratio, or partial or temporary incapacities) or child-headed households. The aim of targeting these groups would be to break the inter-generational transmission of poverty by increasing poor families' access to food, health, education, and other services. OVC should be included in this group rather than being treated as a separate group, and priority should be given to households headed by children. The elderly who live with children should also be included in this group as well as poor pregnant women.

40. Benefit Level. The benefit of the program should be consistent with its objectives. The Social Pension should provide an amount sufficient to buy a meaningful share of the beneficiary's food needs. The transfer to poor families with children should provide additional resources to improve the children's nutritional status, health, and educational attainment. Two concerns are at play here. One is whether the transfer undermines existing informal coping arrangements instead of complementing them. The other concern is what some authors have called "leap-frogging" when the transfer makes beneficiary families richer than their neighbors, thus creating tension within the community. This could be a real problem in many communities given that, as discussed, the distribution of consumption is quite flat in Mozambique. This problem can be minimized by keeping the transfer as low as consistent with achieving its objective and providing other benefits in kind (see below).

41. The Social Pension should cover a significant share of the cost of the actualized Q1 food basket and should be periodically actualized. The transfer to families with children should include this base amount plus an additional amount for each child up to a given limit on the number of children to take into account economies of scale and avoid unwanted incentives, like those that exist in the current PSA system. It is important to stress that the difference between what is being suggested and the existing PSA is that the reformed

version would clearly identify the target groups (families with children and people in need of a social pension), would focus on families with children, and would ensure that complementary services are made available to break the inter-generational transmission of poverty by leveraging transfers and investment in human capital (see below).

## **II. Establishing Links between Transfers and Other Services**

42. The Social Pension and the Support to Children transfer programs should establish close links with education, health, and other services (e.g., birth registry). Indeed, under Decree 85/09 (Articles 11-14) which regulates the Basic Social Security Subsystem it is already contemplated that poor people should have free access to several services. The Decree declares that health services must be provided free to pregnant women, children under the age of 5, the elderly, the disabled, and people with chronic diseases or suffering from HIV/AIDS, leprosy, or tuberculosis. On education, it reiterates that primary education is free to all children (who also have access to free textbooks) and that children in need should have access to school lunches and get support for educational materials. In Article 2, the Regulation states that this provision will materialize “gradually, taking into account the economic conditions of the country.” To ensure that there are synergies between all social programs and services in Mozambique, the beneficiaries of the Social Pension and the Support to Children programs should be automatically eligible for free health services (and medicine) and for free primary schooling, textbooks, uniforms, school materials, and (when available) school lunches as well as for free birth registration when required.

43. Given existing institutional limitations and resource constraints, these efforts to strengthen the links between the unconditional transfer programs and education, health, and other services should be made initially in a selected number of districts or communities where significant improvements can be made in the existing health and education services that can gradually be extended to the rest of the country.

44. Communication is very important for achieving the objectives of the Support for Children unconditional cash transfer. Each community should be fully briefed on the purpose of the program. Communities should help ensure that the families that are selected as beneficiaries are those that are most in need and that families headed by children, OVC, children with nutritional problems, and poor pregnant women are included. Furthermore, the beneficiary families must be made aware of what is expected of them – that the diet of the family must improve and that the children must attend school and visit health clinics regularly. This will require trained staff and resources.

### **C. Developing Links with Labor-intensive Public Works**

45. Policymakers should establish close links between the labor-intensive public works program and other services and programs that can help its beneficiaries to rise out of poverty. A recent DFID study stressed the need to focus on helping the poorest to rise out of poverty. It suggested that the program should not only provide beneficiaries predictable transfers in return for their labor but also include training or technical assistance so that beneficiaries can improve or develop their skills. These services may also include a savings component combined with financial literacy training. Once beneficiaries' financial literacy is assured, microcredit for agricultural production or income-generating activities can gradually be introduced. This microcredit component can build on the experience of Village Savings and Loan Associations in which groups of women provide collateral for each other to take out small loans while learning about savings, credit, and running a small enterprise. It may also include some simple form of micro-insurance added directly to the savings element (perhaps consisting of life insurance and funeral expenses). Again the program may build on pre-existing forms of mutual insurance such as funeral associations. It is important to stress that all of these services should be provided by specialized agencies and that the MMAS and INAS should not try to duplicate these services.

#### **D. Third Stage**

46. In the third stage, the GOM should evaluate the new programs, make any corrections suggested by the evaluations, expand the successful interventions to reach as many eligible beneficiaries as resources permit, and tighten the links with other programs and services. Coordination with the NGOs should be strengthened, and the fragmentation and duplication of interventions reduced even further.

#### **E. Institutional Arrangements**

47. To implement all the activities contemplated in the three stages, it will be necessary for the MMAS and INAS to be substantially strengthened. Several studies have revealed some of the organizational weaknesses of the MMAS and INAS. Some measures have been implemented to address INAS's weaknesses. For example, financial controls are being improved. An existing internal audit unit was recently strengthened, and the budget management system e-SISTAFE is now operating in 11 of INAS 30 regional offices (in all provincial capitals). As discussed, the ILO is supporting INAS in developing and implementing a new MIS. INAS is also working on a new organization scheme and a plan for staff development.

48. There are many plans and coordinating bodies in Mozambique, but there is still a lack of coordination across sectors, with most programs unable to exploit the synergies that could be generated from closer coordination in designing and implementing programs. At the local level, this is a challenge because of the absence of clear definitions of the roles of the different actors. There is a need to establish clear roles and responsibilities for all those involved in program implementation as well as an appropriate system of incentives and accountability.

49. The Decree that regulates the basic social security sub-system (Decree No. 85/2009) in Article 5 also created the Council for the Coordination of the Basic Social Security Subsystem. This inter-sectoral body comprises the ministries that oversee Direct Social Action (MMAS), Education Social Action (the Ministry of Education), Health Social Action (the Ministry of Health), and those that oversee Productive Social Action (the Ministries of Planning and Development, Agriculture, Labor, Public Works and Housing, and State Administration) as well as the private and public entities involved in providing social assistance. The Council is mandated to coordinate the implementation of the basic social security sub-system. It has the potential to play an important role in coordinating programs across sectors and in creating the synergies necessary to leverage resources and increase the effectiveness of social protection interventions. Therefore, it should be established as soon as possible.

50. Social protection information also needs to be improved. All major social assistance programs should have adequate management and M&E systems. INAS's budget should include all of its program expenditures instead of these being buried under General State Obligations as is currently the case. Future household surveys should include questions that would yield the necessary information to evaluate the incidence of the major social assistance programs.

## Chapter 1: Context, Purpose, and Conceptual Framework

### A. Context

51. Mozambique's economy grew by about 7.5 percent per year between 1992 and 2009 and poverty fell from over 70 percent to about 60 percent between 1996 and 2003. However, progress in reducing poverty over the last few years has been substantially lower because growth was less inclusive with no visible gains in production and productivity in labor-intensive sectors particularly in subsistence agriculture.<sup>6</sup> Poverty incidence is still affecting more than half of Mozambicans. With a population of 22.9 million and per capita income of only US\$471, Mozambique remains one of the world's poorest countries (Table 1.1). Food represents more than two-thirds of the average consumption of poor households. It is estimated that about 20 percent of the population is food-insecure, and almost half of children under the age of 5 are chronically malnourished. Extremely poor and vulnerable households are highly exposed both to seasonal shocks (like the annual dry season) and to frequent but unpredictable non-seasonal shocks (like cyclones, floods, or significant variations in fuel or food prices). The recent economic slowdown may have reversed some of the earlier gains in poverty reduction and has negatively affected household consumption. This is a clear indication that Mozambique needs an effective social protection system (SPS) to protect and promote the most vulnerable from the negative effects of shocks and to foster their inclusion in the country's economic and social development process.

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<sup>6</sup> World Bank (2010b).

**Table 1.1:Key Economic and Social Indicators**

Indicator	Mozambique	Lesotho	Malawi	Zambia	Angola	South Africa
Population (million)	22.9	2.1	15.3	12.9	18.5	49.3
GNI per capita (US\$)	440.0	980.0	280.0	970.0	3,750.0	5,760.0
Life Expectancy (years)	47.9	45.0	53.1	45.4	47.0	51.5
Adult literacy rate (%)	54.0	89.5	72.8	70.7	69.6	89.0
Infant Mortality a/	95.9	61.0	68.8	86.3	98.1	43.1
Under-5 Mortality a/	141.9	83.5	110.0	141.3	160.5	61.9
Human Development b/	165	141	153	150	146	110

Source: World Bank's WDI and UNDP

Notes: World Bank Development Indicators are mostly for 2009 or latest data available. The Human Development rankings are for 2010.

a/ Per 1,000.

b/ Per 100,000 live births.

b/ Ranking out of 169 countries. Higher ranking = worse human development.

52. The Government of Mozambique (GOM) has made progress in developing a general framework for social protection but still faces the challenge of putting it into operation an effective strategy. Law 4 of 2007 organized social protection in Mozambique into three pillars: basic, compulsory, and complementary social security. Basic social security essentially consists of non-contributory transfers and other welfare services. Compulsory social security is basically social insurance for formal workers and public servants, which is currently very limited in coverage. Complementary social security is insurance that would complement, on a voluntary basis, the compulsory pillar; it has yet to be developed.

53. Early in 2010, the government approved the National Basic Social Security Strategy (Segurança Social Básica or ENSSB) covering the period 2010 to 2014. The ENSSB aims to extend social protection coverage with the objective of including poor and vulnerable populations in the country's development process. The ENSSB has four parts:

(i) *Direct Social Action*, in which the government has made further efforts to organize social assistance interventions. These are mainly transfer programs for the poor and vulnerable who are unable to work, as well as short-term, in-kind transfers provided in response to temporary vulnerabilities and other social welfare services. The Ministry of



Women and Social Action (MMAS) and the National Institute of Social Action (INAS) are responsible for the interventions in this category including the main unconditional cash transfer program, the Food Subsidy Program (*Programa Subsidio de Alimentos* or PSA).

(ii) *Education Social Action*, managed by the Ministry of Education. This includes social protection programs such as school feeding that aim to facilitate access to basic education, thus increasing enrollment and attendance.

(iii) *Health Social Action*, overseen by the Ministry of Health. This includes measures and programs to promote access to basic health care for vulnerable groups (such as people with HIV) as well as nutrition interventions.

(iv) *Productive Social Action*, a cross-sectoral approach that aims to increase access to income-generating opportunities for the poor and vulnerable who are able to work through employment and livelihood interventions, including public works and social funds.

54. Even though the ENSSB provides a framework for the future development of comprehensive safety net interventions, most of its operational aspects are still being defined, especially those in the Direct Action and Productive Social Action areas. Several studies or evaluations have been done of specific programs or target groups, but there is still no comprehensive analysis of the social protection landscape in Mozambique with a vision of an effective social protection system.

## **B. Purpose**

55. The objective of this study is to assist the Government of Mozambique in the consolidation and implementation of the ENSSB by reviewing of the country's social safety net programs and social protection expenditures.

56. To meet its objectives, the study uses the so-called lifecycle (or life-course) analysis and is organized as follows. After a brief discussion in Chapter I of the main risks facing families in Mozambique and of the conceptual framework underpinning this assessment, Chapter II identifies the main vulnerable groups, discusses the principal risks that these groups and households in general face, and estimates the number of individuals or households who are at risk. Chapter III reviews the principal programs that are in place to address these risks. Chapter IV assesses the adequacy of the social protection system by analyzing the following: (i) spending and budget arrangements; (ii) program coverage, gaps, and overlaps; (iii) the generosity of benefits; (iv) targeting and selection mechanisms; (v) cost-effectiveness; (vi) institutional and coordination arrangements; (vii) monitoring and evaluation; and (viii) sustainability. Chapter V presents the conclusion and recommendations. Annex I presents the questionnaire that we used to collect information on the social assistance programs.

### **C. Conceptual Framework**

57. The poor and vulnerable in Mozambique face a series of risks. These risks result from: (i) macroeconomic disturbances and consequent variations in employment, income, and consumption; (ii) natural disasters and seasonal climate-related shocks; and (iii) microeconomic conditions that expose the poorest families to a series of adverse situations. The social protection system (SPS) must minimize the impact of these risks through an integrated strategy that involves social and market insurance, self-insurance, and self-protection as well as fiscal policies, sectoral policies, and natural disaster management.

58. In order to diminish the risks associated with cyclical variations in economic activity, an integral approach to social protection (SP) is needed.<sup>7</sup> For example, policy options for mitigating the impact of terms of trade deterioration include resorting to market insurance

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<sup>7</sup> See De Ferranti et al (2000), p. 7.

mechanisms such as future contracts in the international markets and self-insurance mechanisms such as the diversification of external trade. Options for addressing the volatility of private capital include using contingent lines of credit. On the other hand, in order to minimize the adverse impact of fluctuations in economic activity, it is important to contain fiscal expenditures in times of economic expansion so that it is possible to increase expenditures in times of recession. Maintaining a solid financial system is fundamental to ensuring that the depositors' funds are preserved and that credit and other services are available to firms and families, particularly during difficult economic periods.

59. Mozambique is highly vulnerable to recurrent natural disasters, particularly droughts, floods, and cyclones. In the last 20 years, Mozambique has experienced eight major droughts, sixteen major floods, two coastal floods or storm surges, and nine tropical cyclones, all of which caused loss of life and severe economic damage.<sup>8</sup> Therefore, it is necessary to invest in national infrastructure to reduce its vulnerability to natural disasters and to develop and implement sound land use and natural resource management policies. In order to prevent or mitigate these climate-related risks, it is sometimes necessary to resettle populations living in high-risk zones and to adopt civic education and disaster preparedness programs. When disaster strikes, emergency relief plans must be capable of responding rapidly to assist victims, minimize shocks, and begin the restoration of livelihoods.

60. Microeconomic vulnerability exists when poor households face risks related to the conditions in which they live.<sup>9</sup> These risks can involve a lack of assets, employment, income-generating opportunities, and/or access to basic services. They can also consist of other conditions that can affect certain groups such as the elderly; orphaned, abandoned, or

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<sup>8</sup>EM-DAT: The OFDA/CRED International Disaster Database, [www.emdat.be](http://www.emdat.be) - Université Catholique de Louvain, Brussels, Belgium.

<sup>9</sup> Risks may be classified as idiosyncratic when they only affect one individual or household (i.e. death of the breadwinner) or covariate when they affect several households or even the whole country (i.e. the recent oil price shock).

abused children; the physically disabled; or the chronically ill including those living with HIV/AIDS. Existing microeconomic vulnerabilities can magnify the impact of macroeconomic disturbances or natural disasters. For example, if poor workers have no skills, then they may find it difficult to secure employment in good economic times, but in bad economic times, their chances will be even lower because there will be a large pool of well-qualified job seekers competing for fewer jobs. On the other hand, individuals and families can adopt certain coping strategies to diminish their vulnerability to macroeconomic risks associated with changes in economic activity or natural disasters. For example, if one member of a farmer's family is employed in a non-agricultural job, this diversifies the family's sources of income. Other coping strategies include opening a savings account (diversification of assets), participating in a training course (investment in human capital), and contributing to a pension (insurance). These are self-insurance, self-protection, and market insurance strategies at the individual level, all of which help to mitigate the negative effects of risks that may affect entire communities or even the entire country.

61. This assessment of Mozambique's social protection system focuses primarily on these microeconomic risks affecting poor families, but it also discusses the country's vulnerability to natural disasters and seasonal climate-related shocks. It is based on an analytical framework of social risk management (SRM)<sup>10</sup> developed by the World Bank in the early 2000s. Social risk management aims at reducing key risks and breaking the inter-generational cycle of poverty and vulnerability (see Box 1.1). Risk management consists of choosing the most appropriate risk reduction, mitigation, and coping strategies to minimize the adverse impact of social risks. In practice, social protection includes social insurance (SI) measures such as unemployment, disability, or sickness benefits or old age pension that mitigate risks; social assistance programs (SA) such as transfers in cash or kind, subsidies, and workfare that help people to cope with risks; and programs that build human capital such as conditional cash transfers, labor-intensive public works, and other programs that, by

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<sup>10</sup> Holzmann and Jorgensen (2000).

helping integrate poor and vulnerable people into the labor market, reduce risk in the first place.

**Box 1.1: Risk and Vulnerability**

The terms risk and vulnerability are sometimes used interchangeably because people or households that are at risk are usually considered to be vulnerable, and vice versa. Risk is the probability of a loss or injury. Its potential negative impact can occur as the result of some present process or future event. In the context of poverty analysis, vulnerability is defined by the World Bank as the probability or risk today of being in poverty or of falling into deeper poverty in the future. It is a key dimension of welfare, since a risk of large changes in income can prompt households to reduce their investments in productive assets and human capital. Because vulnerability can influence household behavior and coping strategies, it is an important factor to consider when devising poverty reduction policies. For example, the fear of bad weather conditions or the fear of being expelled from the land that they cultivate can deter vulnerable households from investing in more risky but higher productivity crops and thus reduce their capacity to generate income.

*Source:* Coudouel et al.

62. There is no single recipe for how to configure an effective social protection system. An effective SPS may vary from one country to another and in time. For example, systems in low-income countries may consist only of a set of core social assistance programs for the very poor, such as a cash transfer or food-for-work program or insurance for old age. Systems in middle-income countries may include more sophisticated programs such as conditional cash transfers (CCTs), disability insurance, and active labor market programs (that help young people transition from school to work, or that provide training or job search assistance). Systems in high-income countries may also include health and unemployment insurance and more comprehensive labor market policies.<sup>11</sup>

63. In reviewing this assessment of Mozambique's current social protection system, it is important to bear in mind the attributes of a "good" social protection system. A recent World Bank study has identified the attributes of a good social safety net system (or set of social assistance programs) as follows:<sup>12</sup>

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<sup>11</sup> Grosh et al (2008) p.415.

<sup>12</sup> Ibid, p. 373.

- **Appropriateness.** The *range* of social assistance programs and the *balance* between them and other elements of public policies must respond to particular needs of the country. Each program must fit the particular circumstances of the country. The total *amount of resources* allocated to the social protection system and how they are distributed must be in accordance with the risk profile of the country and the fiscal space.

- **Adequacy (generosity).** The safety net must *cover all groups at risk* and in need of assistance, particularly the poor and those at risk of falling into poverty. Individual programs must cover the entire target population and provide meaningful benefits to whichever subset of the population they are meant to assist.

- **Equity (incidence).** The safety net should give equal treatment to people in similar situations (horizontal equity) and greater benefits to the poorest families (vertical equity).

- **Cost-effectiveness.** The safety net programs should channel most of the resources to their intended *target group*. Administrative costs should be reasonable. Program fragmentation and duplication should be avoided. Social assistance programs should be run efficiently with the minimum resources required to achieve the desired impact but with sufficient resources to carry out all program functions well.

- **Compatibility with desired incentives.** Social assistance programs provide benefits to people and thereby influence their behavior. Programs must not provide incentives that alter the behavior of individuals in undesirable ways (for example, encouraging them to work less).

- **Sustainability.** The safety net should be sustainable from a fiscal, administrative, and political perspective.

- **Evolution.** The range and appropriate balance of programs will change as the economy grows, as other elements of policy develop, or when shocks occur. The management of specific programs should also evolve as problems are solved and new standards are set.

64. Most of these attributes should also be present in social insurance systems. For example, social insurance systems should be adequate enough to help recipients to smooth their consumption, equitable, cost-effective, and sustainable, and should not provide any undesirable incentives. Chapter IV of this paper will refer to these attributes in evaluating Mozambique's social protection system and in answering the following questions:

- How adequate is the social protection system to meet the needs of the various groups that require assistance?
- How cost-effective are the social protection programs?
- How responsive is the social protection system in addressing emerging vulnerabilities?

Is the range of existing programs appropriate for the country's needs?

## **Chapter 2: Analysis of Risks and Vulnerabilities**

65. In this section, the most vulnerable groups in Mozambique and the principal risks that they face during their lifecycle are identified. It focuses on the major risks facing individuals and families that, if they are not addressed, can perpetuate the inter-generational transmission of poverty. The identification of risk is done on the basis of the analysis of the situation of the poor and vulnerable groups in the country, drawing extensively on the IOF 2008/09 and existing studies. The final list of risk and vulnerable groups was arrived at after consulting with key public institutions, partners, and other stakeholders involved in Mozambique's social protection system and incorporating their suggestions to the initial list presented.

### **A. Major Risks and Vulnerable Groups**

66. The major risks facing households are falling into or being trapped in poverty. Poor households are more vulnerable to shocks than rich ones because they lack the resource base and assets to overcome the negative impact of these shocks. This section discusses poverty incidence, the determinants of poverty and their relation to household's wealth, and the shocks and food insecurity experienced by Mozambicans' households.

#### **1. Poverty, Determinants of Poverty, and Wealth**

67. Between 1997 and 2003, Mozambique succeeded in reducing poverty (measured by consumption) from 69 percent to 54 percent in 2003. This was a result of broad-based, labor-intensive, private-sector-led growth. At the same time, increased investments in social and economic infrastructure extended access to public services to previously underserved Mozambicans and improved their welfare.<sup>13</sup>

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<sup>13</sup> World Bank (2008), Vol. I, p. xiv.



68. The major determinants of poverty in Mozambique are demographic, educational, and occupational factors. According the World Bank Poverty Assessment of 2008, poorer households tend to be larger, have a higher proportion of children, have a higher dependency ratio, contain a higher proportion of disabled adults, be predominantly rural, and have less education. Female-headed households have a higher representation in the bottom quintiles.<sup>14</sup> Education is strongly correlated with higher consumption of households, and households whose heads work in agriculture are among the poorest.<sup>15</sup>

69. A similar analysis conducted by Mozambique's Ministry of Planning and Development comparing IOF 2008/09 and IAF 2002/03 concluded that the determinants of poverty continue to be related to the demographic, educational, occupational, and geographical characteristics of households.<sup>16</sup> Having few household members and working in the transport and service sectors including public services (as compared to agriculture) were both consistently associated with lower poverty. Returns to education were also higher if the level of education of household members is higher.<sup>17</sup>

70. Poorer households tend to spend a higher share of their budget on food and have fewer assets (wealth).<sup>18</sup> Indeed, a recent study on food security and vulnerability conducted by the World Food Program (WFP) found a close relationship between the lack of asset ownership and poverty.<sup>19</sup> The study concluded that "There is a clear relationship between asset wealth and household food security as measured by food consumption, suggesting that asset ownership can be efficiently used to target households for food assistance. As asset wealth decreases, the percentage of households with acceptable consumption also

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<sup>14</sup> Ibid, Vol. I, p.7.

<sup>15</sup> Ibid, "Vol. II. Appendix Table A1.29 and A1. 30 and Vol. I. p.14.

<sup>16</sup> Ministry of Planning and Development (2010a), p.52/53.

<sup>17</sup> Ministry of Planning and Development (2010a), Table 12-5, p. 109.

<sup>18</sup> World Bank (2008), p. xiv.

<sup>18</sup> Ibid, Vol. I, p.7.

<sup>19</sup> World Food Program(2010a).

decreases, from 87 percent for asset rich, 74 percent for asset medium households and 60 percent for asset poor households.”<sup>20</sup>

71. The Ministry of Planning and Development’s Third National Poverty Assessment of 2010 also found that the regions with the biggest increases in household asset ownership between IAF02 and IOF08 had also generally seen the largest reductions in poverty. The study found that the increase in ownership of consumer durables has been larger in the south, particularly in comparison to the rural central region of the country, and that there was a negative correlation between the two variables.<sup>21</sup>

72. There is little difference in the level of per capita consumption or expenditures among the lowest four quintiles of wealth in Mozambique. Figure 2.1 plots food consumption and total consumption per capita by wealth quintiles from IOF 08/09.<sup>22</sup> As can be observed, the distribution of per capita consumption (total and food) is almost flat for the first four quintiles. The implication of this is that it is difficult to differentiate the poor from the near poor based solely on the basis of consumption expenditure or income.

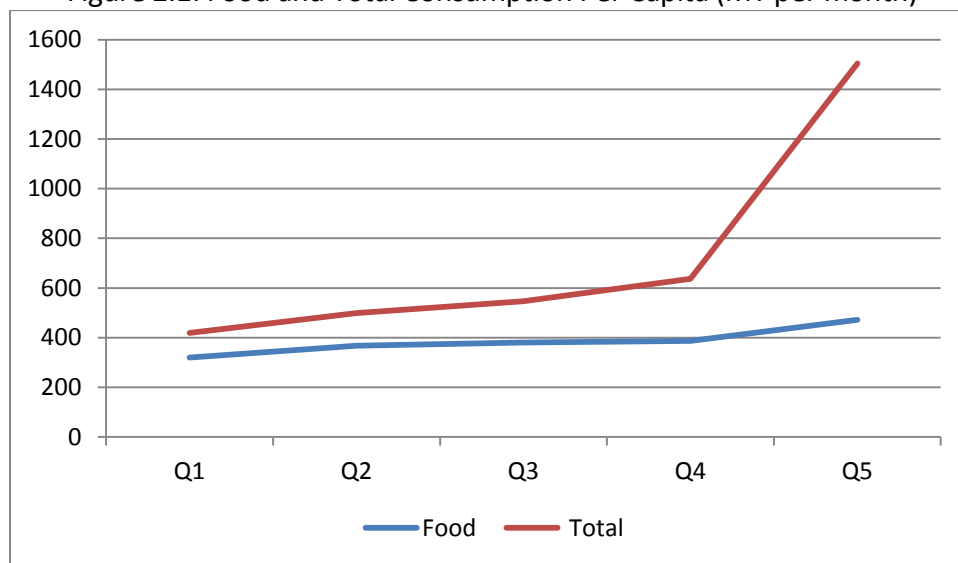
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<sup>20</sup> Ibid. p. 7

<sup>21</sup> Ministry of Planning and Development (2010), p.11.

<sup>22</sup> This study does not use the 2008/2009 consumption data to build the household quintiles due to the relevant underestimation identified by a preliminary overview on the data done by the World Bank. According to this overview about 25 percent of household consume less than 1000 calories per capita daily while showing characteristics typical of non-poor households such as relatively high education and above the average ownership of assets. As a substitute it was used the Filmer and Pritchett asset index which takes into account asset ownership and housing. The index was obtained by aggregating the asset information through a factor component procedure. (see Filmer and Pritchett, 2001).

Figure 2.1: Food and Total Consumption Per Capita (MT per month)



Source: IOF 2008/09.

## 2. Poverty, Food Insecurity, and Shocks

73. The poor (or the near-poor) are usually the most vulnerable group in a society because they do not have the assets (either human or physical) to respond to adverse shocks and, therefore, have a high probability of becoming poorer (or poor). As discussed above in Box 1.1, in the context of poverty analysis, vulnerability is the probability or risk today of being in poverty or of falling into deeper poverty in the future.

74. According to the Poverty and Vulnerability Survey (PVS) conducted by the World Bank in 2006, the most common covariate risks facing Mozambique's households were shocks caused by climatic changes or natural disasters (such as droughts or floods), a downturn in the local economy, a sudden worsening of the internal terms of trade, or a health crisis (such as cholera). The main idiosyncratic shocks included hunger, the illness or death of a family member, unemployment, and the loss of crops. The seasonality of vulnerability affected both communities and individuals.<sup>23</sup> The most common shocks,

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<sup>23</sup> World Bank (2008), p. 8.

particularly for the poorest households in urban and rural areas, were the illness of a family member and drought.

75. Geographic factors affect vulnerability. Table 2.1 shows the prevalence of household food insecurity by province as well as vulnerability to natural adverse weather conditions. The highest percentage of the *acutely food-insecure* is found in Cabo Delgado (39 percent), followed by Gaza (34 percent) and Maputo (28 percent) provinces (see Box 2.1). The highest percentage of *chronically food-insecure* households is found in Tete (45 percent) and Zambézia (45 percent) provinces, followed by Niassa (44 percent). Nampula province has the highest percentage of better-off households (35 percent), followed by Sofala (27 percent) and Maputo (24 percent) provinces. Overall, the highest percentages of acute plus chronic food-insecure households are found equally in Niassa, Cabo Delgado, and Tete provinces.<sup>24</sup> Niassa is exposed to cyclones and Cabo Delgado and Tete to droughts.

Table 2.1: Household Food Security, 2009 (%)

	Acute Insecurity	Chronic Insecurity	Acute plus Chronic Insecurity	Food Secure	Better Off	Vulnerable to Cyclones (C), Drought (D), Floods (F)
<b>Total</b>	<b>25</b>	<b>34</b>	<b>59</b>	<b>21</b>	<b>21</b>	
<b>Northern Provinces</b>						
Niassa	27	44	71	19	10	C
Cabo Delgado	39	33	72	14	14	D
Nampula	25	22	47	18	35	C, D
<b>Northern Provinces</b>						
Zambézia	16	45	61	23	16	C, F
Tete	26	45	71	13	16	D
Manica	24	35	59	31	10	D
Sofala	24	24	48	25	27	C, F
<b>Southern Provinces</b>						
Inhambane	21	37	58	30	12	C, D
Gaza	34	27	61	34	5	D, F
Maputo	28	16	44	32	24	D, F

Sources: World Food Program 2010a), p. 84 except for last column, which is taken from Hodges and Pellerano (2010), Table 3.9, p. 21.

<sup>24</sup> World Food Program (2010a), p. 83.

### Box 2.1: The Characteristics of Food-insecure Households

The determination of food insecurity is based on a cluster analysis of the following three variables from the household data: Food consumption score (a measure of current household food security); number of different types of assets (a measure of wealth or ability to access food); and coping strategies index (a measure of stress on the household, related to food access). The characteristics of acute and chronic food insecurity are detailed below.

**Acute food insecurity** – These households are characterized by having 4 people on average. They are the most likely to be headed by a woman (32 percent) or an elderly person (22 percent) as well as to have a disabled member (15 percent) or chronically ill member (8 percent). They are also the most likely to have experienced the recent death of a household member (6 percent). Seventeen percent of the households are hosting orphans which are not different from the other groups. About half the households have access to drinking water from improved sources while only 7 percent have adequate sanitation.

Only 84 percent of these households have access to arable land while 65 percent live in rural areas. Just over half own any livestock. More than 40 percent of the households are asset poor while 46 percent of their monthly expenditure is for food, the highest of all groups. Only 9 percent are receiving assistance through a program. Nearly 20 percent of the households reported an unusual event or shock that affected their food security in the 6 months prior to the survey, the highest of all groups. The main shocks reported were: poor/irregular rainfall (45 percent); theft or loss of assets (19 percent); the high price of inputs (15 percent); and wild animal attacks (11 percent).

**Chronic food insecurity** – These households are characterized by having 4 people on average. Only 12 percent are headed by a woman and 20 percent headed by an elderly person, the second highest of all groups. Eleven percent have a disabled member, 5 percent have a chronically ill member and only 4 percent have experienced the recent death of a member. Seventeen percent are hosting orphans. Less than half of these households access drinking water from improved sources, the lowest of all groups while only 7 percent have adequate sanitation.

Around 93 percent of these households have access to arable land while 68 percent live in rural areas – the highest of all groups for both. While more than 60 percent own any livestock more than 40 percent of the households are asset poor and 45 percent of their monthly expenditure is for food, the second highest of all groups. Only 6 percent are receiving assistance through a program which is the lowest of all groups. Ten percent of these households reported an unusual event or shock that affected their food security in the 6 months prior to the survey, the second highest of all groups. The main shocks reported were: Poor/irregular rainfall (45 percent); Death of a family member (16 percent); Wild animal attacks (14 percent); Chronic illness of HH member (14 percent).

Source: World Food Program (2010a), p. 82.

76. Mozambique is highly vulnerable to shocks either recurrent natural disasters, particularly droughts, floods, and cyclones or predictable seasonal shocks (lean season)<sup>25</sup>.

<sup>25</sup> In the last twenty years, Mozambique experienced 8 major droughts, 16 major floods, 2 coastal floods/storm surges, and 9 tropical cyclones, causing loss of life and severe economic damage. "EM-DAT: The OFDA/CRED International Disaster Database, www.emdat.be - Université catholique de Louvain - Brussels - Belgium".

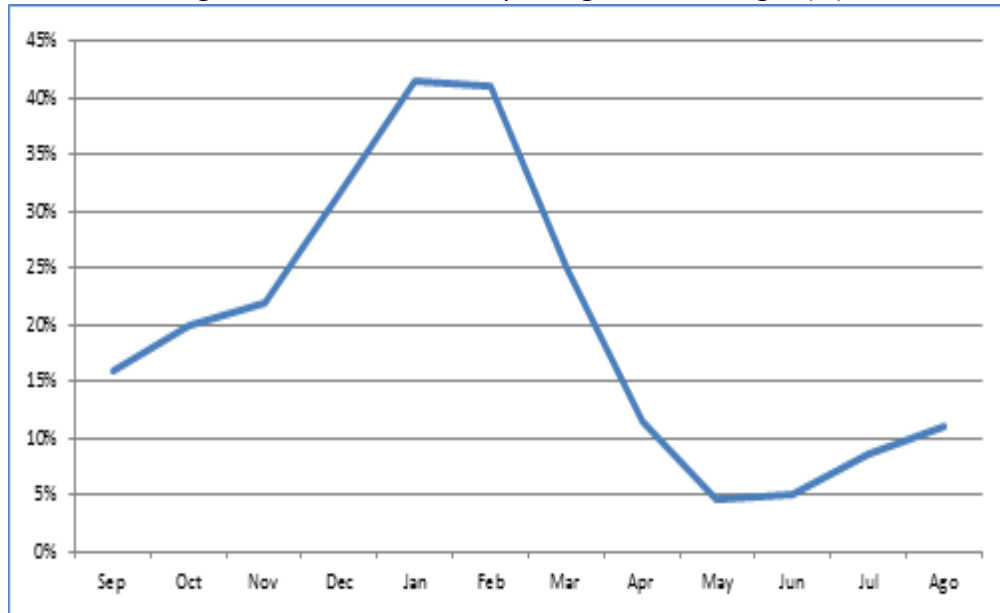
According to a 2007 FAO assessment, 20 of the 128 districts in the country are “highly prone to drought”, 30 to flooding, and 7 to both. Poor and nearly poor households are also exposed to annual seasonal shocks and a significant proportion of households, especially those in rural areas, are exposed to food insecurity.<sup>26</sup> During the months of December through March, an increase number of households experience food shortages peaking at over 40 percent during the months of January and February then increasing until post harvest in August to start increasing again (**Chart 2.3**). This pattern is particularly marked in rural areas of the four provinces in central Mozambique. It is estimated that about 40 percent more calories are consumed in good months compared with the lean season<sup>27</sup>.

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<sup>26</sup> Azzari, C. G. Carletto, B. Davis and A. Nucifora (2011) “Child Malnutrition in Mozambique”, mimeo. Arndt, C., M. Barslund and J. Sulemane (nd) “Seasonality in Calorie Consumption: Evidence from Mozambique”, mimeo.

<sup>27</sup> Arndt et. al.

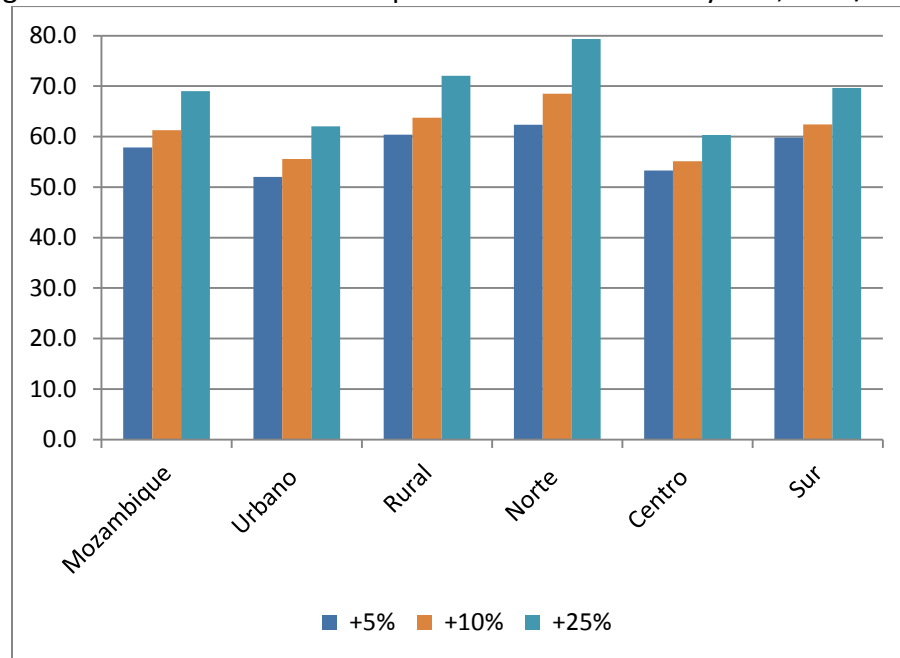
Figure 2.2: Households Reporting Food Shortages (%)



Source: Azzari et al (2011).

77. In Mozambique, a large share of the population is near the poverty line. Figure 2.3 shows that over 60 percent of all Mozambicans are below the poverty line plus 10 percent, and two-thirds are below the poverty line plus 25 percent. In the Northern region, nearly 80 percent are below the poverty line plus 25 percent. This makes these Mozambicans very vulnerable to small variations in income, whether seasonal or annual.

Figure 2.3: Distribution of the Population Near the Poverty Line, 2008/09 (%)



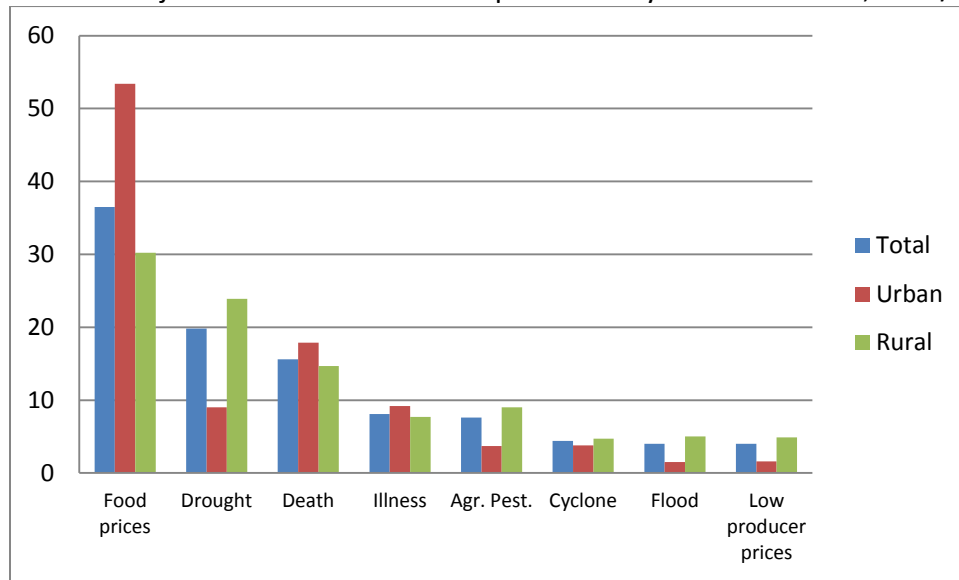
Source: IOF 2008/09.

Note: Percentage of people below augmented poverty line.

78. According to data from IOF 08/09, for the households the most important shock that occurred in the last five years was an increase in food prices (reported by 36.5 percent of the households); this was followed by drought (19.8 percent) and some idiosyncratic shocks such death of another household member (10.8 percent ) or illness (8.1 percent) (**Chart 2.1**). Increase in food prices affected more urban households, as some households in rural areas might be net producers. The poorest households were affected relatively more than richer households by agricultural pests, drought, cyclones, floods and low producer prices.



Chart 2.1: Major Calamities or Shocks Experienced by the Households, 2008/09 (%)



Source: IOF 2008/09.

Note: Most relevant events in the last three years.

79. A recent study<sup>28</sup> estimates the relative impact of six shocks (death, floods and cyclones, illness, agricultural pests, drought, and theft) on the *chronic and transient poverty*, by comparing household food expenditures per person per day to regional food poverty lines<sup>29</sup>. Of the three climatic shocks considered in the study, floods and cyclones have the strongest impact on household expenditures, reducing them by about 32 percent. Agricultural pests and drought are estimated to have an impact of approximately 17 percent. However, the impact on households' expenditure from idiosyncratic shocks is even higher. It is estimated that the death of a breadwinner may cause a reduction in household's expenditure by more than 50 percent, while illness would reduce it by about 25 percent.

<sup>28</sup> "Effective and Inclusive Targeting Mechanisms in Mozambique" Department of Agricultural and Applied Economics, Virginia Tech, February 2011.

<sup>29</sup> Food expenditures are estimated based on observed household assets and exposure to shocks (Annex 1). Households which are estimated to fall below the food poverty line based on asset levels in the absence of shocks are considered to be *chronically poor*. Households estimated to fall below the food poverty line after exposure to shocks are defined as the *transient poor*.

80. Ex-ante simulations predict that the impact of covariate shocks is significant in terms of poverty headcount. Flood and cyclones would increase poverty rates by more than 2 percentage points. Higher impacts are expected in Nampula, Zambézia and Sofala, as they are coastal provinces and are also exposed to annual flooding of the Zambezi river and Mozambique's cyclone season. Drought is estimated to increase national poverty rate by 2 percentage points, with the highest impact in the rural areas of Southern and Central provinces, a much drier regions than the north and experiencing recurrent periods of draught. Finally, agricultural pests have a smaller impact in transient poverty by an estimated of 1.2 percentage points; rural areas in the northern and central provinces suffer the highest impact.

81. In sum, Mozambique has maintained a fairly stable economy and political environment since the end of the civil war in 1992. However, while receiving considerable recognition for its reconstruction efforts and structural reforms, Mozambique still suffers for a national poverty which affects more than half of its population. Many Mozambicans are near the poverty line as the distribution of poverty is quite flat in the lowest four quintiles of the consumption distribution. Geography determines the extent to which a population is exposed to shocks and food insecurity. The implication of this is that it is difficult to differentiate the poor from the near poor based solely on consumption expenditures or income. Furthermore, efforts to address poverty and food insecurity in Mozambique are further complicated by the country's vulnerability to shocks. This suggests that, in addition to geographic factors, household characteristics are very important in targeting programs on the poor, but at the same time a key elements in an SP strategy are seasonal and unexpected shocks affecting vast proportions of the poor.

## **B. Lifecycle Risk Analysis**

82. The principal risks that poor and vulnerable Mozambicans face during their lifecycle are discussed below. The review focuses on the major risks that, if not addressed, can perpetuate the inter-generational transmission of poverty.

### **1. 0-5 Years Old**

83. The main risks that poor children 0-5 years old face are that they are born with low weight, experience debilitating and life-threatening diseases, and have an inadequate diet and lack early stimulation, both of which will impair their development and may perpetuate their poverty.

84. *Poor Maternal and Child Care.* The health of an infant depends on the health of the mother. To promote the birth of healthy babies, the health authorities must ensure, first, that reproductive health services are available so that all pregnancies are wanted pregnancies and that pregnancies are sufficiently spaced. In Mozambique, 18.4 percent of women (married or in a relationship) have unsatisfied needs for contraception services.<sup>30</sup> Second, pregnant women should receive early and regular prenatal controls. The World Health Organization (WHO) has established that all pregnant women should receive at least four controls and immunization against tetanus. In Mozambique, 92.3 percent of pregnant women received prenatal care at least once (99 percent in urban areas and 89.7 percent in rural areas),<sup>31</sup> and 79.3 percent of mothers were protected against tetanus (84 percent in urban areas and 77.4 percent in rural areas).<sup>32</sup> However, DHS 2003 indicated that only 53 percent of women attended four or more prenatal consultations.<sup>33</sup> Third, the delivery of

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<sup>30</sup> DHS (2003). Quadro 7.3.

<sup>31</sup> MICS 2008. Table 8.2a.

<sup>32</sup> Ibid, Table 6.3.

<sup>33</sup> DHS (2003). Quadro 9.2.1. p.133.

babies should be assisted by skilled attendants, but this is the case in only 55.3 percent of births in Mozambique (78.3 percent in urban areas and 45.9 percent in rural areas).<sup>34</sup>

85. These gaps in medical attention translate into high maternal mortality rates, into babies with low weight and whose resistance to diseases is low and/or who do not develop well, and into high neonatal, infant and under-5 mortality rates (Table 2.2). According to the National Assessment of Needs in Maternal and Newborn Health in Mozambique (*Avaliação Nacional de Necessidades em Saúde Materna e Neonatal em Moçambique*, ANN) of 2007/2008, the leading causes of institutional neonatal death are prematurity (50 percent), acute asphyxia (32 percent), and neonatal sepsis (29 percent).<sup>35</sup> These data show the consequences of poor health and inadequate care during pregnancy, birth, and the first days after birth, and the urgent need to increase the coverage of institutional deliveries and essential newborn care.

Table 2.2: Mortality Rates, 2008

	Total	Urban	Rural	Max	Min
Maternal (per 100,000 live births)	408	NA	NA	NA	NA
Neonatal (<30 days; per 1,000 live births)	43	41	44	59 (Zambezia)	26 (C. Maputo)
Postnatal (1-11 months; per 1,000 live births)	64	55	68	88 (Zambezia)	37 (P. Maputo)
Infant (<11 months; per 1,000 live births) b/	107	95	111	147 (Zambezia)	67 (C. Maputo)
Under 5 (per 1,000 live births)	157	138	164	206 (Zambezia)	103 (P. Maputo)

Source: Maternal figures are from DHS 2003, p. 129, and the other figures are from MICS 2008, Table 4.2 (average of the last 10 years).

86. Data from MICS 2008, DHS 2003, and DHS 1997 indicate that, while maternal and under-5 mortality rates have been declining over the past 15 years, the pace of the decline over the most recent five-year period has been slower than in previous periods. The data also show that the rates remain high: maternal mortality at 408 per 100,000 and the mortality of children under the age of 5 at 157 per 1,000 (average of the last 10 years). This

<sup>34</sup> MICS 2008. Table 8.3.

<sup>35</sup> "Ministry of Planning and Development (2010b), p. 53.

compares with an average of 590 per 100,000 and 113 per 1,000 respectively for the low income countries.<sup>36</sup>

87. Mortality rates vary widely between provinces (Table 2.2). For instance, Zambezia has the highest under-5 mortality rate (206 per 1,000) while the province of Maputo has the lowest rate (103 per 1,000). The National Survey on Causes of Mortality in Mozambique 2007/8 indicates that malaria is the leading cause of death in children under the age of 5 (42.3 percent), followed by AIDS (13.4 percent), pneumonia (6.4 percent), and diarrhea (5.9 percent).<sup>37</sup>

88. One of the interventions that contribute the most to the reducing infant mortality is vaccination because it helps to reduce the incidence of preventable diseases. Data from the MICS 2008 show progress in vaccination coverage of children under the age of 1 against the major preventable diseases for BCG by 87 percent, DPT-3 dose by 71 percent, polio-3 dose by 70 percent, and measles by 64 percent, though the increase in coverage has recently decelerated.<sup>38</sup> Similarly, the use of mosquito nets is one of the most effective ways to prevent malaria, and there has been significant progress in this area with the percentage of children under the age of 5 sleeping under a mosquito net increasing from 10 percent in 2003 to 42 percent (22.8 percent under a treated net) in 2008, with a faster increase in rural areas.<sup>39</sup>

89. *Malnutrition in Children.* Low weight at birth because of inadequate food intake by mothers can lead to the premature death of their babies or poor development in the early years of life. In Mozambique, 16 percent of children are born with low weight (15.8 percent

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<sup>36</sup> World Development Indicators (WDI). It should be noted that the comparable WDI maternal mortality ratio estimate for Mozambique is 550 per 100,000.

<sup>37</sup> Ibid., p. 53. See also UNICEF (2011).

<sup>38</sup> Ibid. p. 51.

<sup>39</sup> MICS 2008, p. 6.

in urban and 16.1 percent in rural areas).<sup>40</sup> A lack of breastfeeding, low food intake in infants, and inadequate feeding practices are critical risks for children because they can lead to stunted development, illness, and early death. WHO recommends mothers to start breastfeeding within the first hour of their baby's life and exclusively during the first six months. In Mozambique, while 63.2 percent of children were breastfed within the first hour (59.6 percent in urban areas and 64.7 percent in rural areas), only 37 percent of the children were breastfed exclusively from birth to five months (34 percent in urban areas and 38 percent in rural areas).<sup>41</sup>

90. As in other developing countries, anemia and micronutrient deficiencies are serious public health risks in Mozambique. Anemia is an indicator of poor nutrition, poor health, and an increased risk of maternal and child mortality. Although the primary cause of anemia is iron deficiency, this often coexists with a number of other causes, such as malaria, parasitic infection, HIV/AIDS, and nutritional deficiencies.<sup>42</sup> Vitamin A deficiency in pregnant women causes night blindness and may increase the risk of maternal mortality, while in children it is a leading cause of preventable blindness and increases the risk of disease and death from severe infections. DHS 2003 indicated that only one in five women in Mozambique received vitamin A after giving birth and only 39 took iron supplements. Among children aged 6 to 59 months, one-half consumed vitamin A supplements while the other half consumed foods rich in vitamins.<sup>43</sup>

91. According to MICS 2008, the high prevalence of chronic malnutrition among children aged 0 to 6 months (21.4 percent) may be related to one or more of the following factors: (i) poor nutritional status of the mother before and during pregnancy; (ii) the baby's low weight at birth; (iii) illness; and (iv) the child not being exclusively breastfed.<sup>44</sup> The level of

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<sup>40</sup> Percentage of children that weigh less than 2,500 grams (MICS 2008, Table 5.8).

<sup>41</sup> MICS 2008, Table 5.2a and 5.3a.

<sup>42</sup> World Health Organization. <http://www.who.int/nutrition/topics/ida/en/index.html>.

<sup>43</sup> DHS 2003. p. 174, 175.

<sup>44</sup> MICS 2008, Table 5.1 and p. 15.

chronic malnutrition increases for children aged 2 years old (53 percent) and then declines for four year olds (42.1 percent). Table 2.3 indicates that chronic malnutrition for children under the age of 5 is 43.7 percent (1.7 million children in 2010), 46.8 percent for boys (917,809) and 40.7 percent for girls (804,764), ranging from a low of 24.9 percent in the city of Maputo to 55.7 percent in Cabo Delgado.<sup>45</sup>

Table 2.3: Malnutrition among Children Under 5 Years Old, 2008 (%)

	Total	Urban	Rural	Max	Min
Weight for age	18.3	13.8	20.1	28.4 (Nampula)	6.7 (Gaza)
Height for age	43.7	34.7	47.3	55.7 (Cabo elgado)	24.9 (C. Maputo)
Weight for height	4.2	2.9	4.7	8.7(Nampula)	1.3 (Gaza)

Source: MICS 2008, Table 5.1

Notes: Weight for age (underweight) reflects past and present nutritional status of children, height for age (chronic malnutrition, stunting) reflects the nutritional history of the children, and weight for height (acute malnutrition, wasting) reflects present nutrition status.

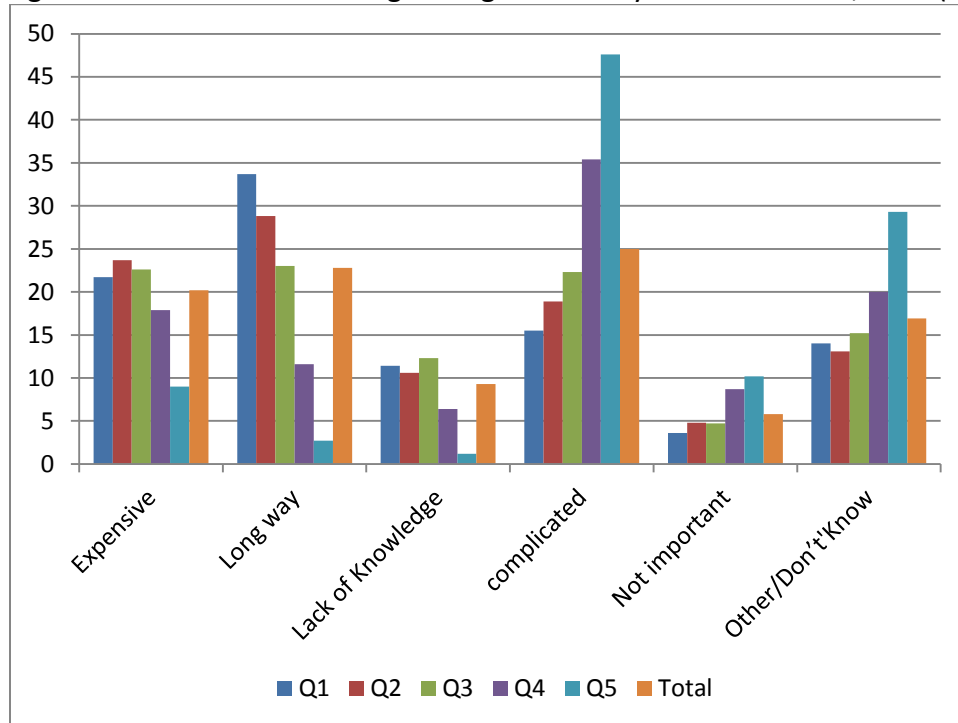
92. *Lack of Birth Registration.* The United Nations’ Convention on the Rights of the Child states that every child has the right to a name and a nationality and the right to protection from being deprived of his or her identity. Birth registration is a fundamental way to secure these rights. Children who are not registered are not only “invisible” but from an institutional and legal standpoint they are “non-existent.”

93. In Mozambique, Article 26 of the Law 7/2008 on the Promotion and Protection of the Rights of the Child states that all children have the rights to a name of their own and to a family surname, to be registered, and to have a nationality. The Law also states that all health units are obliged to identify any newborn infant and to provide him or her with a birth certificate. However, only 30.8 percent of children under the age of 5 are registered, with boys and girls having similar percentages (31 percent and 30.7 respectively). This implies that there are 2.7 million children under the age of 5 who are not registered (1.3 million boys and 1.4 million girls). Registration is higher in urban areas (38.5 percent) than in rural areas (27.8 percent). While 47.7 percent of those in the richest quintile are registered,

<sup>45</sup> Population estimates for 2010 are from National Institute of Statistics (2010b), Quadro 4.

only 19.5 percent of those in the poorest quintiles are.<sup>46</sup> Figure 2.4 indicates that the major reasons given in surveys by those in the poorest quintiles for not registering their children are distance (the registration centers are a long way away), cost (registering is too expensive), and complexity (the registering process is too complicated). However, the survey does not capture key cultural considerations. A senior education official indicated that, while the GOM has established registry offices in many health clinics, parents do not immediately register their newborn because it is customary first to consult with other family members and even the community before a name is given to the baby. This process can take months in some cases, thus making the registration process more difficult.

Figure 2.4: Reasons for Not Registering Children by Wealth Quintile, 2008 (%)



Source: MICS 2008, Table 11.1.

94. *Lack of Early Childhood Stimulation.* As was made clear in the World Bank's World Development Report 2006, there is solid evidence that early childhood development (ECD) programs benefit poor children and families. Nutritional supplementation and stimulation

<sup>46</sup> MICS 2008, Table 11.1.



interventions administered concurrently, especially to poor children under the age of 2 years old, can help malnourished children to catch up with other children with “normal” development.<sup>47</sup> Early stimulation, enrollment in pre-primary school, and participation in other learning and school readiness activities also help children to develop and perform better when they enter primary school. In Mozambique, only 31 percent of children under the age of 5 (29.2 percent boys and 32.5 percent girls) were involved in (four or more) activities that promote learning and school readiness (32.5 percent in urban areas and 30.2 percent in rural areas).<sup>48</sup> Over one-quarter of the children (28 percent) were not living with their biological fathers.<sup>49</sup> In addition, only 3 percent of children under the age of 5 had children’s books at home (6 percent in urban areas and 2 percent in rural areas).<sup>50</sup> Indeed, 32.5 percent of children under the age of 5 were left with inadequate care (either alone or in the care of children under 10 years old).<sup>51</sup>

95. In Mozambique, pre-school education is provided in the crèches and kindergartens mostly run by private institutions or community organizations. The Ministry of Women and Social Action (MMAS) also runs some pre-school facilities (*escolinhas*). This level of education is not compulsory. Ministry of Education officials in charge of the primary and pre-primary levels have estimated that current pre-school net enrollment is only between 4 and 5 percent.<sup>52</sup>

96. In sum, while there has been progress in maternal and infant care during the last 15 years, the rate of progress has slowed down in recent years, and the maternal and under-5 mortality rates remain high compared to other low income countries. The vast majority of children in Mozambique have no access to early child development or pre-school programs.

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<sup>47</sup> World Bank (2005), p. 136.

<sup>48</sup> MICS 2008, Table 9.1.

<sup>49</sup> Ibid, Table 9.1.

<sup>50</sup> Ibid, Table 9.2.

<sup>51</sup> Ibid, Table 9.3.

<sup>52</sup> The GOM reports a 4 percent net primary school enrollment for 2008 (Ministério de Planificação e Desenvolvimento, 2010b).

## 2. 6-17 Years Old

97. For children of primary and secondary school age, the major risks are not attending school because they did not enroll in the first place or because they were forced to drop out of school for financial, early pregnancy, or other reasons. Another risk is that children attend school but learn little. A low level of schooling almost invariably leads to poor job market prospects, low salaries, and, possibly, a life in poverty. Within this group there are several particularly vulnerable types of children that require special support including orphans and vulnerable children (OVC) due to HIV/AIDS, abused and abandoned children, child workers, children with disabilities, children who are sexually exploited and/or victims of trafficking, and teens who are pregnant and/or in an early marriage.

98. *Low School Attendance.* Primary education in Mozambique is compulsory and free. It is divided into two levels: lower primary (EP1), which consists of five years of schooling (Grades 1 to 5), and upper primary (EP2), which comprises two years (Grades 6 and 7). The official age for starting school is 6 years old, though late entrance has been the norm. General secondary education is divided into two cycles: the first cycle (ESG1) comprises three years (Grades 8 to 10), while the second cycle (ESG2) comprises two years (Grades 11 and 12).

99. Enrollment in primary school has increased sharply in recent years, but a significant number of children still do not attend school. According to the Ministry of Education, in 2010 there were over 5 million children attending 13,434 primary schools and over 600,000 students attending 493 secondary schools (Table 2.4). At the primary level, most schooling is provided by the public sector, whereas at the secondary level the private sector is the majority supplier at the ESG2 level. Girls' enrollment is lower than that of boys at these education levels. Late entrance and overage continues to be the norm. Over one-tenth of those attending EP1 were older than 12 years.

Table 2.4: Number of School and School Gross Enrollment, 2010

Levels	No of Public Schools	Number of Students		% Girls	% Public
		Total	Girls		
EP1	10,444	4,454,358	2,117,839	47.5	98.5
EP2	2,990	823,510	376,863	45.7	97.7
ESG1	374	529,554	243,802	45.9	89.4
ESG2	119	107,186	46,761	43.6	35.4

Source: Ministry of Education (2010b).

100. Using data on enrollment rates and population data from MICS 2008 and from UNESCO for 2010, it is estimated that, at the primary level, there are 855,463 children aged 6 to 12 who do not attend school (404,729 and 450,734 girls). This corresponds to about 19 percent of the cohort (Table 2.5).<sup>53</sup> At the secondary level, it is estimated that 944,164 children aged 13 to 17 are not in school (396,774 boys and 547,390 girls). This corresponds to about 36 percent of the cohort. Girls have lower attendance rates than boys at both the primary and secondary level, with a ratio of girls to boys of 0.97 in primary and 0.98 in secondary school. For the 13 to 17 cohorts, there are nearly 40 percent more girls who are out of school than boys, because more boys than girls are attending primary school.

Table 2.5: Children Out of Primary and Secondary School, 2010

	Total	Boys	Girls	Female/Male ratio
<b>Primary, net enrollment (%)</b>	<b>81.2</b>	<b>82.3</b>	<b>80.2</b>	0.97
Population (6-12 years)	4,563,038	2,286,603	2,276,435	1.00
Enrolled (6-12 years)	3,707,575	1,881,874	1,825,701	0.97
Out of school (6-12 years)	855,463	404,729	450,734	
Rate of out of school(%)	18.8	17.7	19.8	
<b>Secondary, net enrollment (%)</b>	<b>20.4</b>	<b>20.7</b>	<b>20.2</b>	0.98
Population (13-17 years)	2,637,196	1,318,185	1,319,011	1.00
Enrolled (13-17 years)	539,304	272,864	266,440	0.98
Not in secondary (13-17 years)	2,097,892	1,045,321	1,052,571	
Attending primary, rate (13-17 years)	43.9	49.2	38.3	
Attending primary, number (13-17 years)	1,153,728	648,547	505,181	0.78
Not attending school (13-17 years)	944,164	396,774	547,390	1.38
Rate of out of school (%)	35.8	30.1	41.5	

Sources: UNESCO (population) and MICS 2008 (Tables 10.2a, 10.3a, 10.3b).

<sup>53</sup> UNESCO Institute of Statistics.

101. The figures in the Table 2.5 may actually *overestimate* the number of children of primary school age who are out of school. A World Bank study found 785,376 primary-school-age children out of school (345,596 boys and 439,780 girls) in 2009.<sup>54</sup> On the other hand, UNESCO data show the rate of primary-school-age children out of school as having been 7.5 percent in 2010 (4.9 percent for boys and 10.2 percent for girls). This would reduce the total number of children out of school to 343,239 (112,043 boys and 232,196 girls). There is general agreement among all education observers that there has been a sharp increase in enrollment in recent years that has contributed to high pupil-teacher ratios (see below). Indeed, many primary schools have to operate in more than one shift because of the shortage of school places at the primary level. According to a recent World Bank report, a major achievement has been the reduction in late entrance and increase enrollment of children aged 6 to 7 years as well as an increase in the primary school completion rate (at the end of grade 7) from 34 percent in 2004 to 48 percent in 2009.<sup>55</sup>

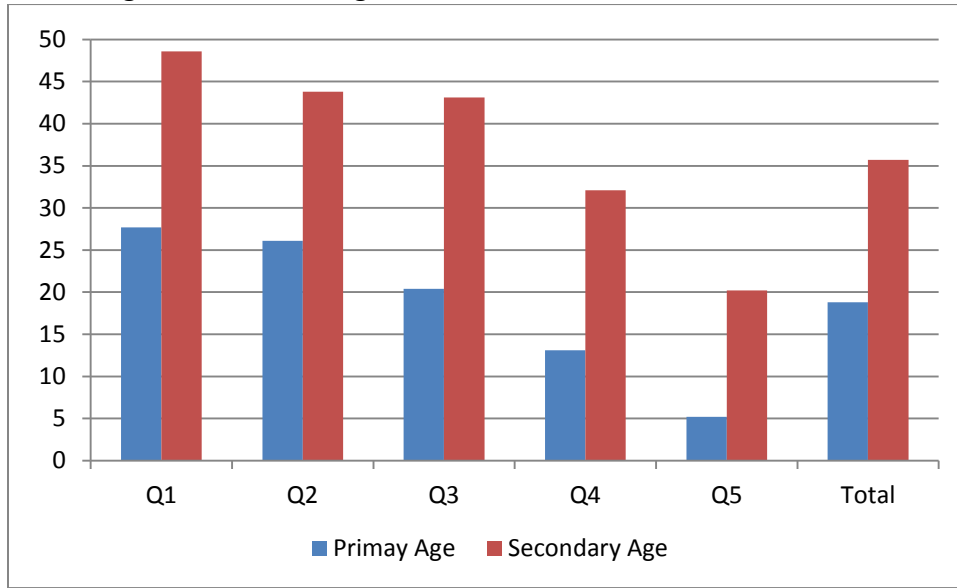
102. MICS 2008 data plotted in Figure 2.5 indicate that the number of primary-school-age (6 to 12 years) children in the poorest quintile (Q1) who are out of school is over five times the number in the richest quintile (Q5). Similarly, at secondary level, the number of children aged 7 to 13 in the poorest quintile who are out of school is more than twice that of children in the richest quintile.

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<sup>54</sup> Note that Table 2.4 refers to gross enrolment while Table 2.5 refers to net enrolment.

<sup>55</sup> World Bank (2011), p.2.

Figure 2.5: Percentage of the Cohort of Children Not in School



Sources: MICS 2008, Tables 10.2a and 10.3a.

Note: Takes into account children of secondary education age who are in primary school.

103. Since 2003, public primary education has been free and compulsory for all children in Mozambique. The government also provides textbooks for primary education students. A few primary public schools (5 percent) offer school lunches. Nonetheless, the cost of schooling is not free for parents because of the opportunity cost of children’s time and other direct costs that the families must incur such as uniforms, school materials, additional books, transport, and any other fees collected by the school.

104. Table 2.6 presents estimates of the direct cost for parents of sending their children to primary and secondary school. First note that many children do not attend school because the school is too far away, they have other duties in the family or need to work to bring in income, or the family simply cannot afford to send them to school. Of those that go to school, the IOF 2008/09 data indicate that the annual cost for parents in the poorest quintile of sending a child to primary and secondary school is 2.3 percent and 8 percent of the household’s per capita food costs respectively. While the direct cost at the primary level does not appear to be high, one person in the family may have to go without food for 8 days

to pay for the schooling costs of one child. At the secondary level, one person will have to go without food for 28 days to pay for the schooling cost of one child. For poor families, particularly those in rural areas living on subsistence agriculture, an added difficulty is the need to produce the cash on time to pay for these expenses.

Table 2.6: Annual Cost of Schooling for Parents per Student (MT per year)

Level and Quintiles	Tuition and Tips	Textbook	Uniform	Transport	Total	Total Cost/ Q1 Food p.c. %	Total Cost/ Q2 Food p.c. %
<b>Primary</b>							
Q1	8.2	65.8	12	0	86.0	2.3	
Q2	9.7	73.5	19.6	0.1	102.9		2.3
<b>Secondary</b>							
Q1	146	14.7	144.3	0.2	305.2	8.1	
Q2	152.5	15.9	169	0	337.4		7.6
Qi Food p.c.						3773	4468

Source: IOF 2008/09.

105. Poor families report that the major problems that students experience in school are a lack of school materials (26 percent) and a lack of uniforms (20 percent) (Table 2.7). One in four poor children also complains about the lack of physical facilities or the poor state of schools. In urban areas, only 12 percent of students report problems with the physical facilities compared to 24 percent in rural areas.

Table 2.7: Number of Students Who Reported Problems in Primary School (%)

	Total	Q1	Q2	Q3	Q4	Q5	Urban	Rural
None	29	16	19	26	38	58	52	21
Lack of material	23	26	27	23	23	15	18	25
Lack of books	4	5	3	4	5	7	6	4
Lack of teachers	3	3	5	3	2	1	1	4
Better physical facilities	21	25	24	22	18	11	12	24
Lack of uniform	15	20	18	18	10	4	7	18
Other problems	5	4	5	5	4	4	4	4
Total	100	100	100	100	100	100	100	100

Source: IOF 2008/09.

106. *Low School Achievement.* Mozambique participates in the regional student achievement test conducted by the SACMEQ consortium.<sup>56</sup> The test is administered to students in grade 6 in reading and mathematics. Table 2.8 compares the performance of Mozambican students with the average obtained by students in other SACMEQ countries. As can be seen, their scores declined in both reading and mathematics between 2000 and 2007 and were below the average for the SACMEQ countries.

Table 2.8: Scores Obtained in the SACMEQ Tests

	Reading		Mathematics		Change	
	2000	2007	2000	2007	Change	Change
Boys	518.4	478.4	537.0	488.2	-40	-48.8
Girls	514.1	473.2	519.5	478.6	-40.9	-40.9
Rural		457.7		477.6		
Urban		486.7		487.5		
Mozambique Total	516.7	476.0	530.0	483.8	-40.7	-46.2
SACMEQ	500.0	512.0	500.0	509.7	12	9.7

Source: SACMEQ.

107. This poor student performance is the result of a number of circumstances including environmental factors and school conditions. The sharp increase in primary school enrollments in recent years contributed to a high pupil-teacher ratio in public schools, with an average of 58.4 pupils per teacher at the primary level (Table 2.9). Teacher training also presents challenges. UNESCO reports that only about three-quarters of all teachers in Mozambique at the primary and secondary levels are trained.

Table 2.9: Pupil-Teacher Ratios and Trained Teachers (%)

School level	Pupil-teacher ratios	Percentage of trained teachers
Primary	58.4	75.9
Secondary	35.0	75.9

Source: UNESCO Institute for Statistics.

<sup>56</sup> The Southern and Eastern Africa Consortium for Monitoring Educational Quality (SACMEQ) Consortium consists of 15 Ministries of Education in Southern and Eastern Africa: Botswana, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, the Seychelles, South Africa, Swaziland, Tanzania, Uganda, Zambia, Zanzibar, and Zimbabwe.

108. Access to textbooks has also been a challenge. Between 2000 and 2007, the proportion of sixth graders without textbooks increased from 6.3 percent to 8.2 percent, and students who had to share two books from 20.3 percent to 24.9 percent. Sixth graders who had exclusive access to a textbook went down to 52.8 percent from 53.2 percent during the same period.<sup>57</sup> The Ministry of Education with the support of the Education Support Fund (FASE) has been making a substantial investment in textbooks and has been distributing between 12 million to 14 million books annually to primary schools (grades 1-7) (see Chapter III below).<sup>58</sup>

109. *Vulnerable Children and Teens.* In Mozambique 42 percent of children aged 0 to 17 do not live with both of their parents and 14.6 percent do not live with their biological parents. This is one of the consequences of the AIDS epidemic. A large proportion of children, 17.1 percent or 2,061,866 (1,035,090 boys and 1,026,776 girls) are orphaned and vulnerable (OVC) due to AIDS.<sup>59</sup> Children who have lost one or both parents comprise 12.2 percent of the 0 to 17 cohort, a total of 1,447,053 orphans (717,982 boys and 729,071 girls). There is not much gender difference among OVC - 17.3 percent are boys and 16.9 percent girls. The prevalence of OVC is higher in urban areas (19.6 percent) than in rural areas (16 percent). The differences among provinces are larger, however, with a high of 30.7 percent in Gaza and a low of 8.7 percent in Nissan. Children who have lost their parents to AIDS are often subject to neglect, abuse, stigma, and discrimination as well as facing other risks that affect poor children such as under-nutrition, low school attendance, and child labor.

110. Three percent of children aged 10 to 14 years have lost both parents to AIDS (double orphans). Of these, 77 percent are currently attending school. This can be compared with

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<sup>57</sup> SACMEQ (2010a).

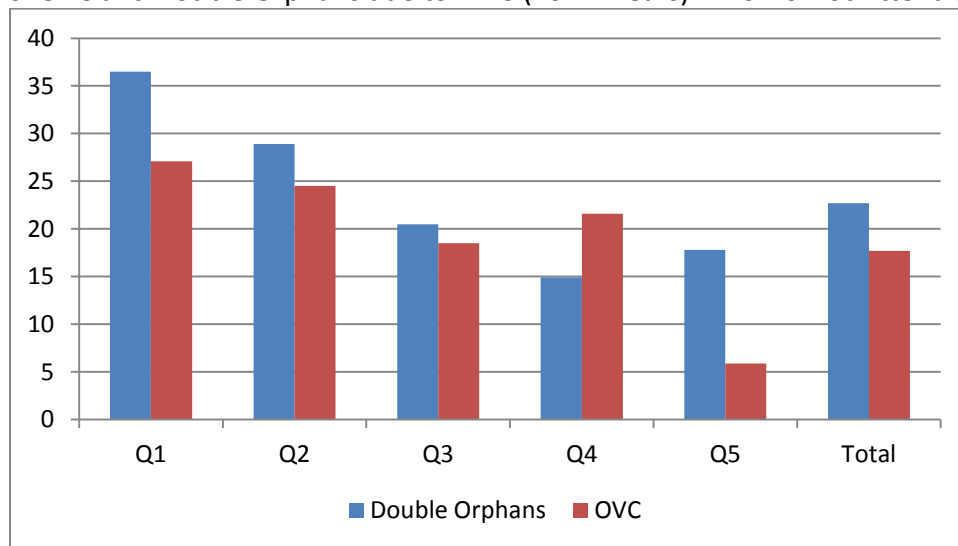
<sup>58</sup> World Bank (2011), p.6.

<sup>59</sup> MICS 2008, Tables 12.10 and 12.11. Orphaned and vulnerable children are defined by MICS 2008 based on the Joint United Nations Program on HIV/AIDS (UNAIDS) Monitoring and Evaluation Reference Group if the children have experienced the death of either parent, if either parent is chronically ill, or if an adult (aged 18–59) in the household has died (after being chronically ill) or was chronically ill in the year prior to the survey (MICS 2008, p. 128).



the 87 percent of children of the same age group who are not orphans and who live with at least one parent who are attending school. Data by household wealth quintile indicates that the poorest double orphans have lower school attendance than those in the higher quintiles and also lower attendance than all other children who are living with at least one parent. In the same cohort (10 to 14 years old), 24.6 percent are orphaned or vulnerable due to AIDS. This group has an 82 percent school attendance rate compared to 85 percent for children who are neither orphaned nor vulnerable. Once again, the attendance rate is higher for children in wealthier households (Figure 2.6).

Figure 2.6: OVC and Double Orphans due to AIDS (10-14 Years) Who Do Not Attend School (%)



Source: MICS 2008, Table 12.12.

111. *Child Labor.* Mozambique’s Child Protection Act of 2008 bans child labor and any kind of work for children under 15 years of age, and the Labor Law states that employers cannot employ children aged 15 to 18 years in risky tasks. The Labor Law also states that the normal working period for a minor should not exceed 38 hours a week and 7 hours a day.

112. The following information on child labor comes from the MICS survey. A child is considered to be involved in child labor if, during the week prior to the survey, the following occurred: (i) for children aged 5 to 11 years old, at least an hour of economic work or 28

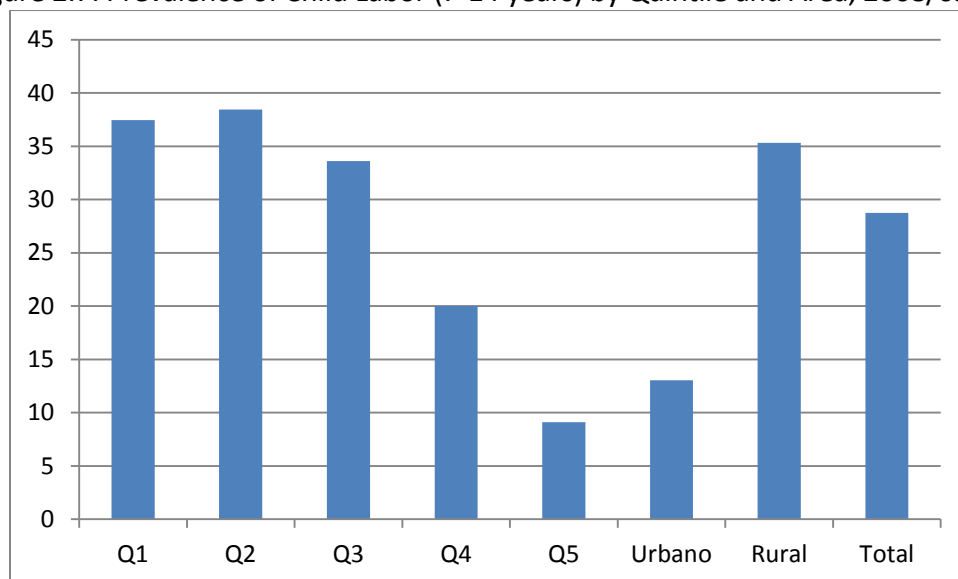
hours of domestic work per week and (ii) for children aged 12 to 14 years old, at least 14 hours of economic work or 28 hours of domestic work per week. On this basis, 22 percent or 1,381,036 children aged 5 to 14 years old in Mozambique are involved in child labor. Most of them are involved in their family's businesses (16 percent). A higher proportion of girls (24 percent or 745,979) are involved in child labor than boys (21 percent or 635,057). Girls are more frequently engaged in domestic tasks. On the other hand, similar proportions of boys and girls are involved in work related to small-scale family businesses. In rural areas, 25 percent of children are engaged in child labor, compared with 15 percent in urban areas. Lower proportions of children in the richest quintiles are engaged in child labor than those in the poorest quintiles.<sup>60</sup>

113. Data from the IOF 2008/09 corroborates the MICS findings that child work is widespread and that it mostly involves the poor. Figure 2.7 shows that 28.7 percent of children aged 7 to 14 had worked in the week prior to the survey interview. This ranged from 37 percent for the poorest families (Q1) to 9 percent for the richest (Q5). Child work is more prevalent in rural areas (35 percent) than in urban areas (13 percent).

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<sup>60</sup> MICS 2008, Table 11.2

Figure 2.7: Prevalence of Child Labor (7-14 years) by Quintile and Area, 2008/09 (%)



Source: IOF 2008/09.

114. *Children with Disabilities.* Nearly one in six children (13.5 percent) aged 2 to 9 has at least one disability (6.2 million) in Mozambique. The difference between urban areas (15 percent) and rural areas (13 percent) is small. A serious delay in sitting, standing, or walking is the disability that was most frequently reported. The other reported disabilities were not understanding instructions, apparent hearing difficulties, not speaking and not making themselves understood, and having seizures, going rigid, or losing consciousness.<sup>61</sup>

115. *Sexual Exploitation of Children and Trafficking.* The Law on the Trafficking of Persons Especially Women and Children that was approved in 2008 makes trafficking a crime and brings Mozambique’s legislation in line with international treaties. Nonetheless, major challenges remain. According to the US Department of State’s Trafficking in Persons Report 2010, “Mozambique is a source and, to a much lesser extent, a destination country for men, women, and children subjected to trafficking in persons, specifically forced labor and forced

<sup>61</sup> Ibid., Table 11.7.

prostitution.”<sup>62</sup> Women and girls are victims of sex traffickers from rural areas to cities and to neighboring countries. According to the report:

116. “...the Government of Mozambique does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. Despite these efforts, including work on the development of implementing regulations for its new anti-trafficking law, the government did not show evidence of increasing efforts to address human trafficking, particularly efforts to prosecute or convict trafficking offenders as it has done in the past, or to investigate continuing reports of government officials’ complicity in trafficking crimes.”

117. The report places Mozambique on Tier 2 Watch List.<sup>63</sup>

118. *Child Marriage and Teen Pregnancy.* As the report accompanying the MICS 2008 data stresses, child marriage is a violation of human rights. “It compromises girls’ development because it frequently results in early pregnancy and social isolation, little education and poor vocational training, and thereby reinforces the incidence and nature of poverty among women.”<sup>64</sup> In Mozambique, marriage before the age of 16 is illegal. However, the capacity to enforce the law is limited, and “traditional marriages” remain common under customary law. The percentage of women aged 15 to 49 who married

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<sup>62</sup> <http://www.state.gov/documents/organization/143187.pdf>

<sup>63</sup> *Tier 1 Countries* whose governments fully comply with the Trafficking Victims Protection Act’s (TVPA) minimum standards (the standard can be found here: <http://www.state.gov/g/tip/rls/tiprpt/2010/142765.htm>).

*Tier 2 countries* whose governments do not fully comply with the TVPA’s minimum standards, but are making significant efforts to bring themselves into compliance with those standards. *Tier 2 watch list* countries whose governments do not fully comply with the TVPA’s minimum standards, but are making significant efforts to bring themselves into compliance with those standards, and: a) the absolute number of victims of severe forms of trafficking is very significant or is significantly increasing; b) there is a failure to provide evidence of increasing efforts to combat severe forms of trafficking in persons from the previous year; or, c) the determination that a country is making significant efforts to bring themselves into compliance with minimum standards was based on commitments by the country to take additional future steps over the next year.

*Tier 3 countries* whose governments do not fully comply with the minimum standards and are not making significant efforts to do so. Source: <http://www.state.gov/g/tip/rls/tiprpt/2010/142755.htm>).

<sup>64</sup> MICS 2008, p. 106.

before the age 15 of is 17.7 percent, with the proportion in rural areas (21.4 percent) being higher than that in urban areas (11.2 percent). Nearly 40 percent of women aged 15 to 19 are already married or in a traditional union.<sup>65</sup> And a similar percentage (41 percent) of girls aged 15 to 19 have a child or are pregnant (DHS 2003). Pregnancies at an early age put both the mother and the child at risk, often forcing poor young mothers to leave school in order to work and maintain their children. It is also one of the major factors in the inter-generational transmission of poverty.

119. In sum, while enrollments at primary school level have increased significantly in recent years, Mozambique faces important challenges in improving the quality of education that children are receiving. There are many orphans and vulnerable children as well as other vulnerable groups such as child workers and abused and sexually exploited children who should receive priority attention from the GOM.

### **3. 18-24 Years Old**

120. The principal risk facing young people is leaving school without enough skills to get a good and stable job. Most young people with no skills remain jobless and some get in trouble with the law.

121. *Vulnerable and Jobless Youth.* School dropout rates at the primary level are very high – 64 percent (63 percent for boys and 65 percent for girls),<sup>66</sup> and attendance rates at the secondary level are very low. Consequently, there are near 1 million children aged 13 to 17 years old who are not in school. Therefore, it is not surprising that a large proportion of young people (those aged 18 to 24), who number 2.5 million, are illiterate. The illiteracy rate for those aged 15 to 19 is 29.9 percent (21.9 percent for men and 37.1 percent for women), and for those aged 20 to 24, it increases to 38.6 percent (22 percent for men and

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<sup>65</sup> Ibid., Table 11.4.

<sup>66</sup> World Bank EdStat database.

51.9 percent for women). Most of these youths are working with their families, working in the informal market, or “doing nothing.” Though those with some qualifications might be looking for their first job.

122. There is no recent labor market information on youth unemployment or jobless youth. In most countries, youth unemployment is much higher than overall unemployment, as young people have difficulty in obtaining their first job. In South Africa, for instance, the authorities indicated recently that between 40 to 50 percent of young people aged 17 to 25 were unemployed.<sup>67</sup> In Mozambique, the Ministry of Labor reported in 2005 that, of all those unemployed (*desemprego registrado*), 75 percent were looking for their first job, while 25 percent were looking for a new job. In Maputo City, nearly one-half of the unemployed were looking for their first job while the other half was looking for a new job, while in Cabo Delgado, 85 percent were looking for their first job and 15 percent for a new job.<sup>68</sup> Overall unemployment was 19 percent, and the unemployment rate for the 15 to 19 year old cohort was 37 percent (Table 2.10). Overall unemployment for women was much higher than for men, particularly in urban areas. However, all of these figures should be interpreted in the light of an economy that has very high levels of informality and poverty.

Table 2.10: Unemployment Rates, 2004/05 (%)

	Total			Urban			Rural		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Unemployment rate a/	18.7	14.7	21.7	31.0	25.6	35.7	12.9	9.1	15.7
15-19	36.8	36.9	36.7	56.8	53.3	60.1	26.4	26.8	26.1
20-24	27.2	22.8	30.2	45.1	38.4	50.8	16.6	11.6	19.7

Source: Inquérito Integrado a Força de Trabalho (IFTRAB 2004/05). Quadro 4.2, p. 45.

Note: a/ National definition that includes those with an “unsustainable jobs.”

123. The IOF 2008/09 asked several questions related to occupation. Thirty percent of young people between 18 and 24 years indicated that they had not worked during the previous week, but 8.3 percent of them mentioned that they had a job waiting for them.

<sup>67</sup> Declaration of Finance Minister Pravin Gordhan reported by Business Report March 23, 2011.

<sup>68</sup> Ministry of Work (2005). Figure 6, p. 16.

Table 2.11 shows that rates of occupation are higher for those in Q1 and Q2 than for those who are better off. Indeed, unemployment or inactivity is a luxury that the poor people cannot afford.

Table 2.11: Population 18-24 Per Working Status (%)

	Total	Q1	Q2	Q3	Q4	Q5	Urban	Rural
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Worked	69.3	85.5	85.4	78.7	66.8	39.1	49.9	81.8
Did not work but had job	8.3	9.2	9.2	11.1	8.3	4.7	5.3	10.3
Not available to work or unemployed	22.4	5.3	5.4	10.3	24.9	56.1	44.9	7.9

Source: IOF 2008/09.

124. About two-thirds of the youths indicated that they did not work because they were studying (Table 2.12). In the poorest quintile, 18 percent indicated they did not work because they were sick or handicapped, while another 17 percent gave other reasons or no reason at all for not working.

Table 2.12: Reasons for Not Working in the Last 7 Days, Population 18-24 years (%)

Reasons	Total	Q1	Q2	Q3	Q4	Q5	Urban	Rural
Went to school	68.5	64.8	75.7	45.1	58.0	78.0	70.6	63.3
Not prepared to pay household help	1.1	0.0	0.0	0.8	3.2	0.5	1.6	0.0
Caring for people who needed help	4.8	0.2	1.4	12.8	3.8	4.6	6.3	1.0
Forbidden to work by husband	3.0	0.0	7.8	1.8	4.2	2.5	3.5	1.7
Forbidden to work by wife	0.1	0.0	0.0	0.0	0.0	0.3	0.2	0.0
Too young	3.4	0.0	3.7	3.4	3.8	3.6	3.9	2.1
Was sick	5.5	7.9	5.8	13.8	7.3	2.5	3.2	11.2
Was handicapped	3.3	10.0	3.1	9.6	2.1	1.8	2.3	5.8
Compulsory military service	0.2	0.0	0.0	0.0	0.5	0.1	0.3	0.0
Other	10.1	17.1	2.4	12.7	17.2	6.2	8.2	14.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: IOF 2008/09.

125. Most (85 percent) of the young people who are working are self-employed or are unpaid family workers (Table 2.13). For those in the poorest quintile, the proportion in the occupations associated with the informal market increases to 98 percent. Of those in the

poorest quintile, only 0.3 percent work for the government and 1.4 percent with the private sector compared to 5.4 percent and 29 percent respectively of those in the richest quintile.

Table 2.13: Primary Occupation of those 18-24 years (%)

	Total	Q1	Q2	Q3	Q4	Q5	Urban	Rural
Government	1.6	0.3	0.4	0.7	2.9	5.0	2.6	1.2
Public sector	0.2	0.0	0.2	0.4	0.2	0.4	0.2	0.2
Private sector	8.0	1.4	3.1	3.4	11.3	29.3	20.2	3.2
Self-employed with employees	0.2	0.0	0.3	0.1	0.2	0.7	0.5	0.1
Self-employed w/o employees	35.0	38.6	37.3	34.6	34.6	26.2	34.8	35.0
Unpaid family worker	53.1	59.5	58.7	59.9	48.4	29.4	35.8	59.9
Private person/group	1.7	0.2	0.0	0.7	2.2	7.7	5.1	0.3
NGO and other Associations	0.3	0.0	0.0	0.3	0.1	1.4	0.8	0.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: IOF 2008/09.

126. *Young People in Conflict with the Law.* Young people who are not working or studying are not acquiring the skills to ensure their future economic autonomy and social inclusion. Some of these youths occupy their time in illicit or criminal activities. Indeed, according to the Ministry of Justice data, about one-third of the prison population is comprised of people aged between 16 and 21.<sup>69</sup>

127. In sum, many young people who are out of school are illiterate and lack the skills necessary to obtain good and stable jobs. These youths are working in the informal sector, are still looking for their first job, are “doing nothing,” or are occupying their time in criminal activities.

#### 4. 25-59 Years Old

128. The principal risk facing the working population is low and unstable incomes due to their low-paid and insecure jobs. Low-paid jobs are often associated with low capital

<sup>69</sup> Data provided by UNICEF.



endowment (human and physical). Many of the labor force in Mozambique work in the agricultural and informal sectors in very low-productivity activities where they cannot earn enough to cover their basic needs.

129. *Working Poor.* As of 2010, Mozambique had a population of 22.4 million and an economically active population (aged 15 years and older) of about 11 million (55 percent).<sup>70</sup> Over 85 percent of the population aged 15 and older in the lowest quintile (Q1) who were surveyed for the IOF 2008/09 had worked in the previous week (Table 2.14). Ten percent did not work but reported that they had a job, and the remaining percent were not available to work or were unemployed. In the richest quintiles, there was a lower proportion of people with a job (58.5 percent) and higher proportion of people not available to work or unemployed (36 percent). A similar contrast can be seen between urban and rural areas, with rural areas having higher proportions of working people than urban areas.

Table 2.14: Population 15 and Older Per Working Status (%)

	Total	Q1	Q2	Q3	Q4	Q5	Urban	Rural
Total a/	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Worked	78.2	85.4	88.3	83.8	74.0	58.5	64.8	84.9
Did not work but had job	8.5	10.4	7.8	9.2	9.3	5.5	6.4	9.5
Not available to work or unemployed	13.4	4.2	4.0	7.1	16.7	36.0	28.8	5.6

Source: IOF 2008/09.

Note: a/ Total (15+ years) who answered the question "Did you work in the last 7 days?"

130. The majority of the poorest (Q1) who did not work were in school (55 percent), handicapped (16 percent), or sick (14 percent) (Table 2.15). Among those in the richest quintile (Q5), a higher proportion was in school (66 percent), while 7 percent were too young to work, 5 percent were caring for people who needed help, and 4 percent were forbidden to work by their husbands. In urban and rural areas, similar proportions gave studying as the reason for not working, but in urban areas more people were caring for

<sup>70</sup> Estimates based on INE population projections and ILO's labor statistics database.

others, were forbidden to work by their husbands, or were retired, while in rural areas more were sick or handicapped.

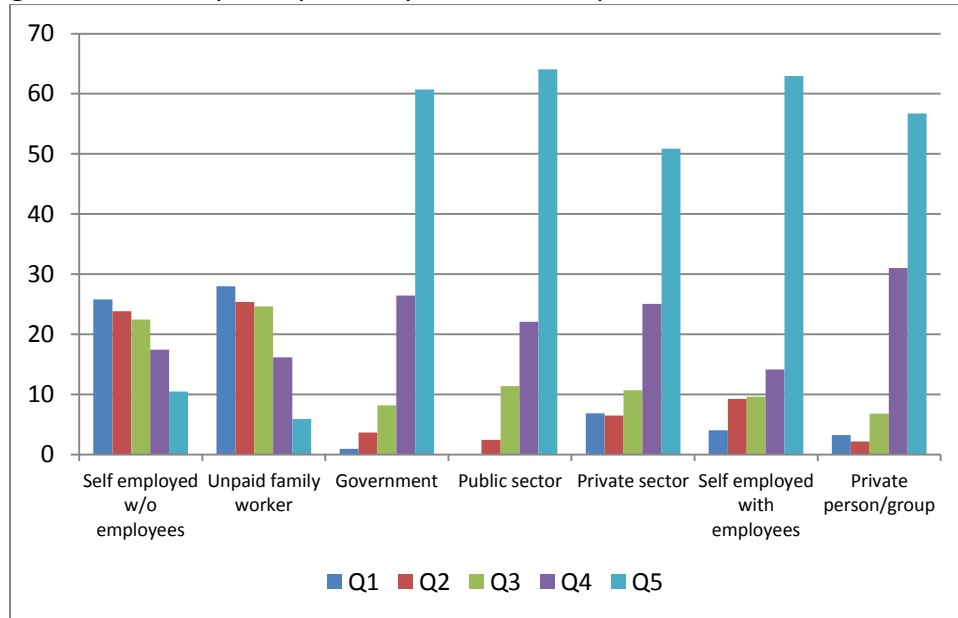
Table 2.15: Reasons for Not Working in the Last 7 Days (15 and more years) (%)

Reasons	Total	Q1	Q2	Q3	Q4	Q5	Urban	Rural
Went to school	62.0	55.3	62.7	55.3	59.3	66.4	62.0	62.0
Not prepared to pay household help	0.9	0.0	0.0	0.4	1.4	1.1	1.4	0.0
Caring for people who needed help	4.5	1.9	0.4	8.0	4.3	4.9	5.9	2.1
Forbidden to work by husband	2.8	0.6	2.3	1.1	2.6	3.9	3.8	0.9
Too young	5.3	0.8	4.7	4.3	4.9	6.9	6.8	2.7
Too old	1.5	3.6	0.0	1.2	1.7	1.2	1.4	1.6
Was sick	8.1	14.3	11.7	11.1	9.5	4.6	6.1	11.6
Was handicapped	5.9	15.6	9.7	9.1	4.7	2.9	3.8	9.6
Other	9.2	7.9	8.4	9.6	11.7	8.1	8.6	9.5
Total a/	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: IOF 2008/09.

131. Most of the poorest workers (Q1) are self-employed and have no employees (54 percent) or are unpaid family workers (44 percent) (Figure 2.8). These are among the most insecure, unstable occupations, often associated with the informal labor market. The richest workers are mostly self-employed and employ other workers (35 percent), work for the private sector (25 percent), or work for the government or the public sector (16 percent). In urban areas, the majority of those who are working are self-employed have no workers (percent) followed by unpaid family workers (21 percent), and workers in the private sector (19 percent). In rural areas, the majority are self-employed with no workers followed by unpaid family workers (43 percent).

Figure 2.8: Primary Occupation by Quintile of Population 15 Years and Older (%)



Source: IOF 2008/09.

132. According to the informal sector survey conducted by the INE in 2004 (INFOR 2004), three-quarters of the labor force in Mozambique worked in the informal sector, 8 percent were employed in formal activities, and 17 were unemployed (Table 2.16). The formal sector workers were concentrated in the urban areas (75 percent), while the informal sector predominates in the rural areas (78 percent). In urban areas, half of the labor force was engaged in informal sector activities, while in rural areas, 87 percent of the workers were informal.<sup>71</sup> In all provinces, more than half of the labor force was in informal activities, with the exception of Maputo Province and Maputo City where only 27.4 percent and 49 percent respectively were in the informal sector.<sup>72</sup>

Table 2.16: Labor Force and Economic Active Population, by Region, 2004

Regions	Labor force (000)	Percent of Labor Force		
		Informal	Formal	Unemployed
North	3269	78.7	4.2	17.1
Center	4328	80.8	6.8	12.4
South	2595	61.3	14.3	24.4
<b>Total</b>	<b>10192</b>	<b>75.1</b>	<b>7.9</b>	<b>17.0</b>

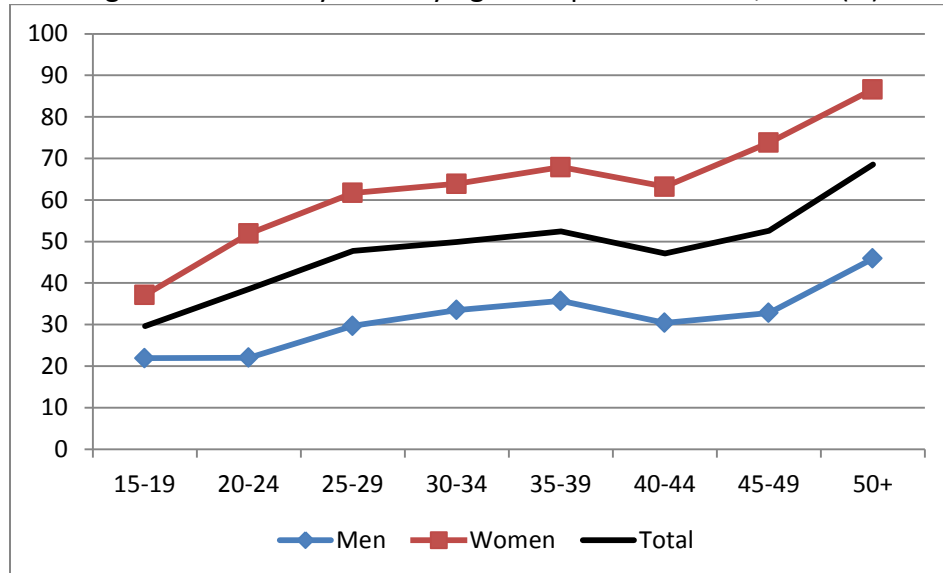
Source: Calzaroni et al (2006), Table 4.2.4, p.85.

<sup>71</sup> Calzaroni – (2006), Table 4.2.3.b, p.84.

<sup>72</sup> Ibid, Table 4.2.4.c, p.85.

133. Of the total number of informal workers, 59 percent were women and 41 percent were men.<sup>73</sup> Approximately 91 percent of informal workers were in agriculture, 2 percent in industry and construction, 5 percent in trade and tourism, and the remaining 2 percent in other services.<sup>74</sup> Nearly one-half of the informal sector workers were located in the Central region (45.6 percent), one-third in the North, and the remaining 21 percent in the South.<sup>75</sup> In the Central region, most informal activities were in agriculture (47 percent), while in the South they were in trade and tourism (54.9 percent) and other services (57 percent) and in the North they were in agriculture (35 percent) and industry and construction (29 percent).<sup>76</sup>

Figure 2.9: Illiteracy Rates by Age Groups and Gender, 2008 (%)



Source: MICS 2008, Table 10.7b.

134. *Lack of Human Capital.* Low-paid jobs are often associated with low capital endowments (both human and physical). Mozambique still has high illiteracy rates, particularly among those in working age. For example, 48.1 percent of the population aged 15 years and over (or 5.9 million people) do not know how to read or write, and female

<sup>73</sup> Ibid., Table 4.2.12.a, p.92.

<sup>74</sup> Ibid., Table 4.2.7.c, p. 88.

<sup>75</sup> Ibid., Table 4.2.3.a, p. 84.

<sup>76</sup> Ibid., Table 4.2.6.c, p. 87.

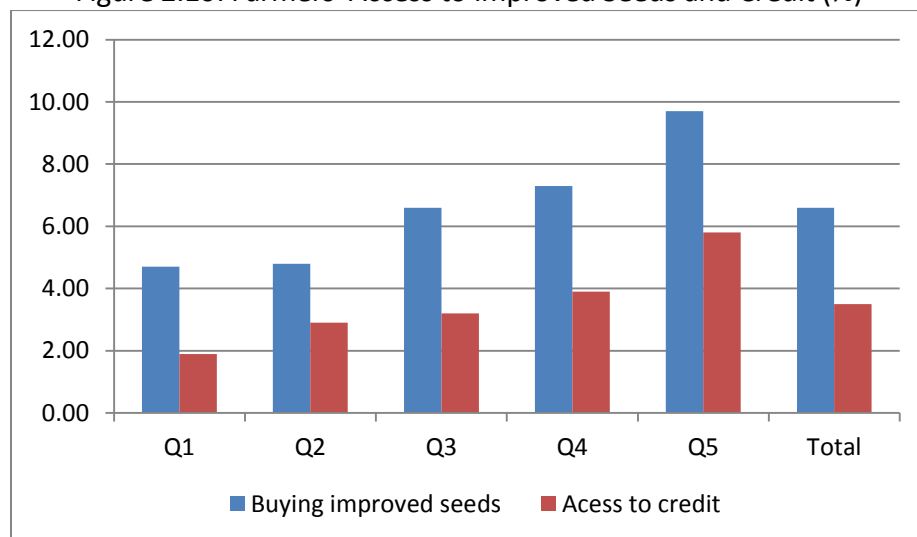
illiteracy rates (62.7 percent) are twice that of males (31.4 percent). Figure 2.9 reveals a relative peak for the 35-39 cohort which may be related to the children that missed school because of the war. It also indicates that illiteracy is lower among younger cohorts, a result of the recent advances in the education system. Nonetheless, about 30 percent of those in the 15 to 19 age group cannot read or write.

135. *Subsistence Farmers.* Data from IOF 08/09 indicates that poverty in Mozambique continues to be concentrated in rural areas, where two-thirds of the Mozambique's population lives. Livelihoods in rural areas depend on agriculture, which is dominated by low-input smallholder rain-fed farms that grow mostly food crops (such as maize and cassava). According to the most recent agricultural survey (TIA 2008), there are 3.7 million small farms, nearly one-quarter of which are managed by women. Poverty is concentrated in some provinces in central Mozambique that are subject to periodic devastating droughts and floods. As the majority of the poor in rural areas consists of subsistence farmers, increasing agricultural productivity and access to markets are critical to boosting food production and agricultural growth and to reducing rural poverty.<sup>77</sup>

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<sup>77</sup> World Bank (2010b).

Figure 2.10: Farmers' Access to Improved Seeds and Credit (%)



Source: Boughton and Donovan (2008) based on TIA 2005.

136. Major constraints to sustaining agriculture productivity increases include low adoption rates by Mozambique farmers of productivity-enhancing agricultural technologies coupled with a lack of sufficient agricultural services and rural financial services. Only around 3 percent of farmers countrywide have adopted irrigation, improved plant varieties, fertilizer, and mechanization.<sup>78</sup> In 2008, only 8.3 percent and 2.6 percent of farms received the benefit of any extension services or credit respectively.<sup>79</sup> Among the poorest farmers (Q1), only 1.9 percent received any credit (Figure 2.10).<sup>80</sup> Indeed, IOF 08/09 reveals that only 3.3 percent of households in rural have a bank account compared with 36.3 percent in urban areas.

137. According to IOF 2008/09, of those who work (9.1 million), 46 percent are in the lowest two quintiles (4.2 million) and are unlikely to make enough income to meet their basic needs (Figure 2.11). Over 97 percent of these (in Q1 and Q2) are self-employed and

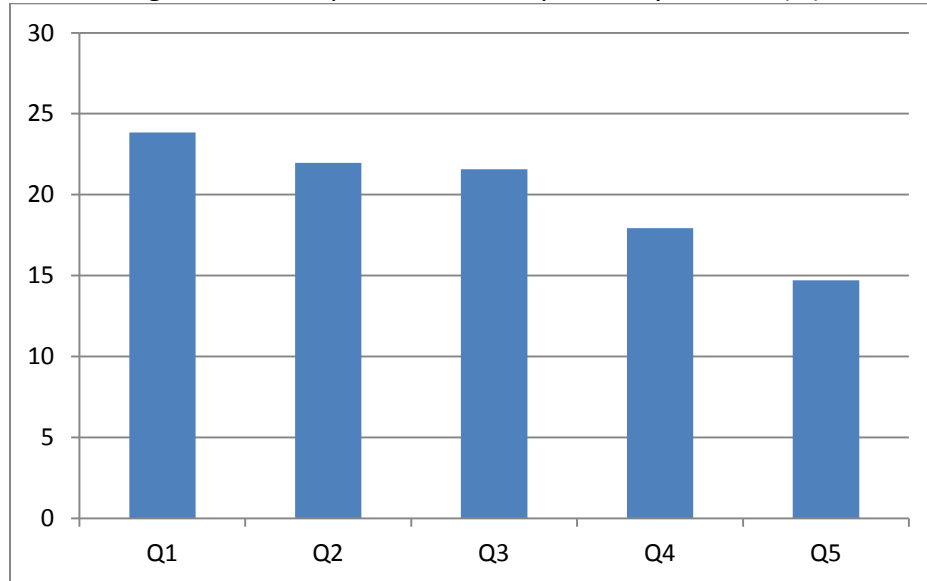
<sup>78</sup> Ibid, based on TIA (Trabalho de Inquérito Agrícola) 2008.

<sup>79</sup> Ministry of Planning and Development (2010a), Table 12-4 p. 108 based on TIA data.

<sup>80</sup> Boughton and Donovan 2008), based on TIA 2005.

employ no workers or are unpaid family workers, occupations which are usually associated with the informal sector.

Figure 2.11: People with an Occupation, by Quintile (%)



Source: IOF 2008/09.

138. In sum, of the 9.1 million Mozambicans that work, 4.2 million are likely to be poor. The great majority of these work in the informal sector (self-employed with no workers or as unpaid family workers) and in low-productivity agriculture activities, and many are among the 5.9 million who are illiterate.

## 5. 60 Years and Older

139. The main risk for senior citizens is if they have no pension when they leave the labor market and must depend on family, social assistance programs, or charity for their survival.

140. *No Pension.* Mozambique has three main social security plans. Two are offered by the Ministry of Finance and Public Administration (MOF) to civil servants and the military, and the third is managed by the National Institute of Social Security (INSS) for all private sector employees. Both systems cover old age, accidents, and death. The MOF plans also

offer health and funeral benefits and pensions for exceptional services to the state and for those in the military who die in service (*pensão de sangue*), while the INSS has recently introduced a maternity benefit.

141. The coverage of the pension system is quite low (Table 2.17). Together the MOF and the INSS plans only cover 4 percent of the economic active population (EAP), about 5 percent of the occupied EAP, and 29 percent of the salaried EAP. The private sector compliance rate with the INSS is low with only 43 percent of salaried workers in the private sector contributing to the INSS plan.

Table 2.17: Coverage of Social Security System

	2008	2009
Total EAP	10,749,675	11,003,387
Occupied EAP	8,062,256	8,252,540
Salaried EAP	1,429,707	1,463,450
Occupied EAP by the private sector	548,233	561,173
MOF plans (public employees)	175,000	185,000
INSS active member	246,635	239,304
Coverage of EAP (%)	3.9	3.9
Coverage of occupied EAP (%)	5.2	5.1
Coverage of salaried EAP (%)	29.5	29.0
Coverage of the occupied EAP by the private sector by INSS (%)	45.0	42.6

Source: Picado-Chacon et al (2010) and IFTRAB 2004/5.

Note: Estimates of occupied EAP (74.6 percent of EAP) and private sector (6.8 percent of occupied EAP) are based on IFTRAB 2004/05.

142. Table 2.18 indicates that only 11.8 percent of people aged 60 years and over had a pension in 2009, which meant that 88.2 percent or 900,000 elderly had no old age pension.<sup>81</sup> As expected, most of the seniors without a pension are in the poorest quintiles as Figure 2.12 below indicates.

<sup>81</sup> INSS accounts for 2010 were not available as of mid-May 2011.

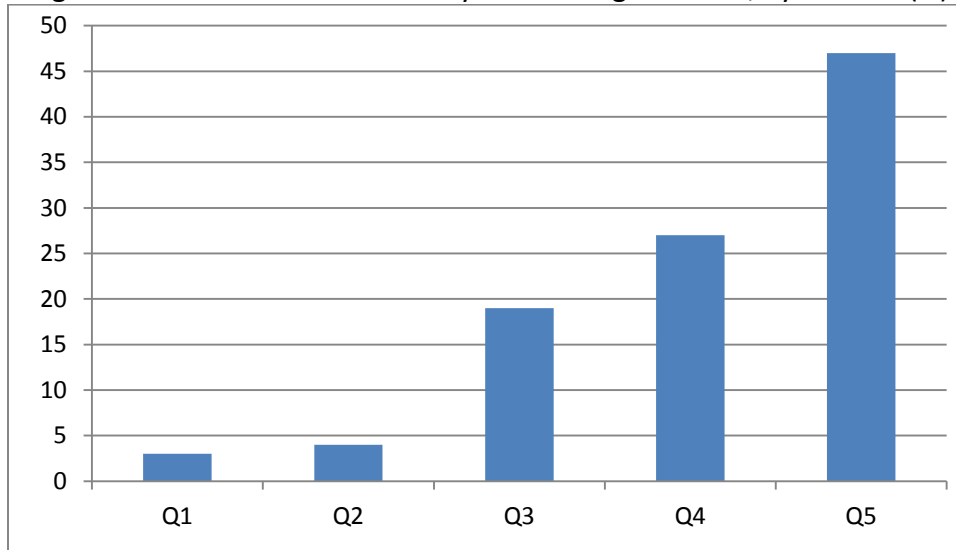


Table 2.18: Old Age Pensioners

	2008	2009	2010
MOF Pensioners	101,877	106,198	110,216
Military	71,035	73,238	75,923
Civil	30,842	32,960	34,293
INSS pensioners	12,861	13,773	
Total old age pensioners	114,738	119,971	
Population 60 and over	994,400	1,019,642	1,045,796
Pensioners/ population 60+ (%)	11.5	11.8	

Sources: Ministry of Finance and Public Service, National Directorate of Social Security, and ILO based on INSS database.

Figure 2.12: Distributions of Elderly with Old Age Pension, by Quintile (%)



Source: IOF 2008/09.

143. In sum, a large number of poor elderly Mozambicans have no old age pension and must depend on their families, service institutions, and the GOM's social assistance for their survival.

## 6. Household Risks

144. The major risks facing households are falling or being trapped into poverty, having no access to quality health services and suffering from HIV/AIDS and other infectious

diseases, being disabled, being a victim of domestic violence or having suffered gender discrimination, and lacking access to basic services. Households in Mozambique are also exposed to recurrent natural disasters.

145. *Poverty.* Over one-half of all 22.4 million Mozambicans live in poverty. Life expectancy at birth is only 48 years – 47 for males and 49 for females.<sup>82</sup> As already discussed, among the most vulnerable groups are children in poverty, the disabled, those living with HIV/AIDS and other infectious diseases, and the elderly. Table 2.19 presents the distribution of age groups by quintile. When comparing the distribution of those in the poor quintiles and their representation in the overall population (two right-hand columns), it is clear that the children 0- 5 years old are disproportionately represented among the two poorest quintiles. Also the elderly are disproportionately represented in the poorest quintile (Q1).

Table 2.19: Distribution of the Poor by Age Group

Age Group	Q1	Q1+Q2	Total	Q1 %	Q1+Q2 %	Total %	Q1/ Total	Q1+Q2/ Total
0-5	1195575	2387807	4893,822	23.5	24.3	21.8	1.1	1.1
6-17	1623068	3117714	7164,953	32.0	31.7	32.4	1.0	1.0
18-24	458795	887809	2458,282	9.0	9.0	11.0	0.8	0.8
25-59	1500421	3032568	6854,055	29.5	30.9	30.2	1.0	1.0
60+	301425	394526	1045,769	5.9	4.0	4.6	1.3	0.9
Total	5079283	9820425	22416,881	100.0	100.0	100.0		

Source: IOF 2008/09.

146. Over one-quarter of all households (30 percent) are headed by women.<sup>83</sup> Compared to male heads of households, more female heads of households tend to be poor, have less education, have higher dependency rates, and are “self-employed” with no employees, most of whom work in subsistence agriculture (Table 2.20). Many of these families are

<sup>82</sup> World Development Indicators, World Bank.

<sup>83</sup> The World Bank database Gender Statistics indicates 26 percent of households are headed by women, whereas the IOF 2008/09 indicated 29.5 percent.

probably trapped in poverty with no way to increase their productivity or income, to send children to school and keep them there, or to find other ways out of poverty.

Table 2.20: Comparative Characteristics of Female Heads of Households (%)

	Female Heads of Households %	Male Heads of Households %	Female Heads of Households 2008/09	Male Heads of Households 2008/09
Poor	62.5	51.9	849918	1687620
Has no education	51.9	22	705772	715369
Works in Agriculture	86.2	71.5	1172207	2324948
Self-employed w/o employees	60.1	46.6	817281	1515281
Dependency rates	1.44	1.16		
Total			1359869	3251676

Sources: World Bank (2008), Vol. II, Table A1.30, p.24. IOF 2008/09.

147. *Lack of Access to Health Care.* Poor Mozambicans suffer more from poor health but seek care less often than richer people. Table 2.21 indicates that about 14 percent of respondents had been ill in the two weeks prior to the survey interview – 15.1 percent of people in the poorest quintile compared with 10.8 percent of the richest quintile.

148. Since 1985, patients seeking care in public facilities have had to pay a flat rate fee per prescription in rural areas and a cost-related price for drugs in urban areas. In practice, public facilities run out of medicines and patients must purchase them from private sources. By law, health services should be provided free of cost to the following groups: pregnant women, mothers and their newborns, children under the age of 5, war veterans, blood donors, disabled people unable to work, retired people and pensioners, domestic servants, the unemployed, and people with no means of subsistence. Disease-specific fee exemptions include tuberculosis, leprosy, trypanosomiasis (sleeping sickness), chronic psychological disorders, and HIV/AIDS testing, counseling and treatment. However, a tracking survey conducted in 2002 concluded that compliance with these provisions varied widely among health facilities. Since 2007 consultation fees have been officially fixed at MT 0.5 to MT 1

and drugs costs at MT 5 (MT 2.5 in some rural areas).<sup>84</sup> Data from IOF 2008/09 indicate that families in the poorest quintile paid MT 2 on average for each visit to public facilities and spent MT 14 for medicines during the preceding month. On the other hand, the poorest families (in Q1) spent MT 67 on average for each visit to a traditional healer. It should be noted that, during the preceding month, members of the poorest families made only three times as many visits to public health facilities as to traditional healers.

Table 2.21: Proportion of People who Got Sick and Facility Visited (%)

	Total	Q1	Q2	Q3	Q4	Q5	Urban	Rural
People that got sick	13.9	15.1	13.7	15.6	14.0	10.8	12.1	14.7
Of these, those who visited a facility	65.3	54.5	59.1	64.3	73.2	85.5	79.0	60.4
<b>Which facility: a/</b>								
Public health post	28.6	30.5	34.5	34.9	24.2	17.5	17.1	34.1
Public health center	50.9	55.1	50.3	49.7	56.7	41.0	46.6	52.9
Public hospital	13.0	6.5	7.2	9.9	13.8	29.7	28.0	5.9
Private clinic	1.2	0.3	0.4	0.3	0.2	5.2	2.8	0.4
Pharmacy	1.1	0.1	0.1	0.3	0.6	4.9	2.8	0.2
Doctors/dentist office	0.6	0.6	0.1	0.8	1.1	0.5	0.5	0.7
Healer	4.5	7.1	7.1	3.9	3.2	0.8	1.9	5.7
Church	0.2	0.0	0.3	0.1	0.1	0.4	0.3	0.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: IOF 2008/09.

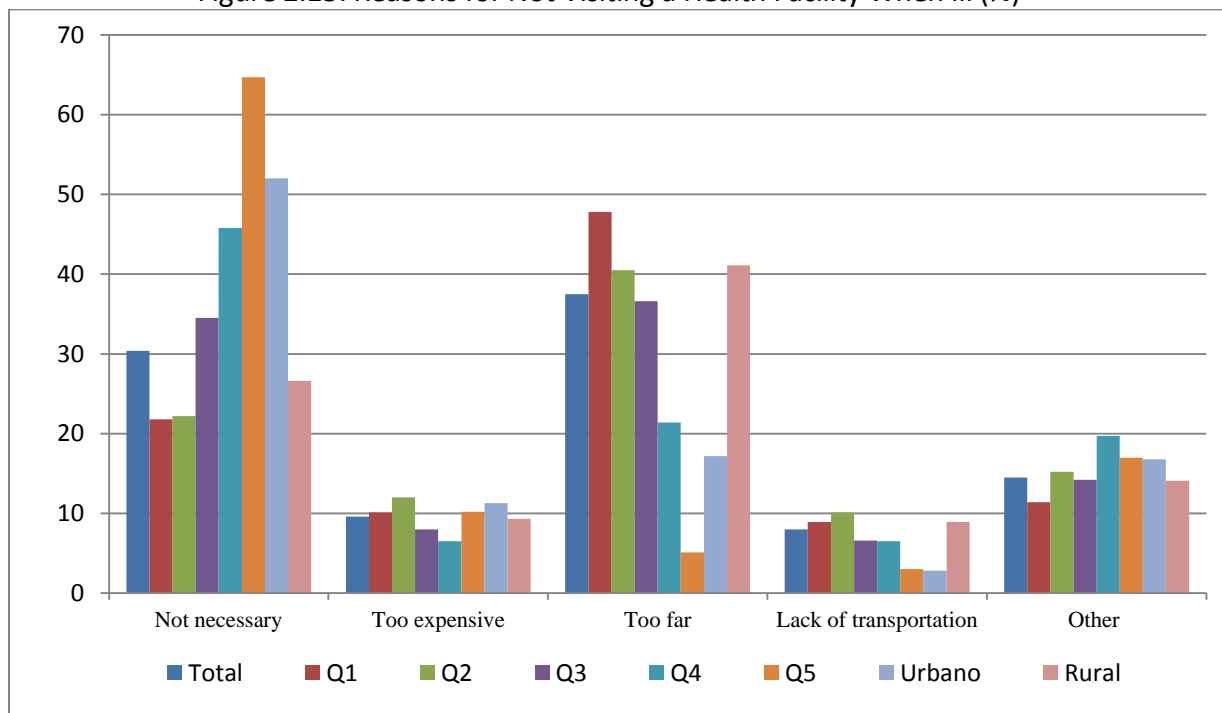
Note: a/ Previous two weeks.

149. Of the 13.9 percent of people (15.1 percent of those in Q1) who got sick during the two weeks previous to the survey interview, 34.7 percent did not visit a health facility (45.5 percent in Q1) (Table 2.21). Of these, about 30 percent mentioned that they did not visit a facility because it was not necessary (21.8 percent for Q1), 37.5 percent because it was too far away (47.8 percent in Q1), 9.6 percent because it was too expensive (10.1 percent in Q1), 8 percent because of a lack of transportation (8.9 percent for in Q1), and 14.5 percent because of other reasons (11.4 percent in Q1) (Figure 2.13).

<sup>84</sup> Hodges and Pellerano (2010), Table 3.9, p. 33.

150. Of those that got sick, two-thirds visited a health facility or healer (54.5 percent in the poorest quintile and 85.5 percent in the richest quintile). The great majority of Mozambicans have no health insurance. In the IOF 2008/09 data, there are only 6,000 families from the richest quintile who had health insurance. Therefore, the majority of families use public health facilities when they are sick. Indeed, 80 percent of those who got ill visited a health post or health center and another 13 percent a public hospital. Even those in the richest quintile visit public facilities, 88.2 percent, with a large proportion of them (29.7 percent) visiting public hospitals (Table 2.21).

Figure 2.13: Reasons for Not Visiting a Health Facility When Ill (%)



Source: IOF 2008/09.

151. About two-thirds of those who visited health facilities reported that they did not encounter any problems. Of the third who did report problems, nearly half (46 percent) mentioned a “long waiting time”, 22 percent mentioned a lack of medicines, and 16 percent mentioned “unsuccessful treatment.” While no respondents mentioned the direct cost of health services as a major problem when visiting the facility, it is important to keep in mind

that many poor people who get sick do not seek care because of the long distance they have to travel to get to the facilities, a lack of transportation, and because it is “too expensive.” However, the survey also indicated that poor families are prepared to pay a traditional healer several times as much as they must pay for a visit to a public facility.<sup>85</sup>

152. Therefore, the data from IOF 2008/09 seem to indicate that the overwhelming problem in health comes from the supply side, though it is necessary to keep in mind that for a poor family any charge is a burden and might prevent them from seeking care in a timely manner. In rural areas, this is even more problematic for poor families because of the transportation costs they need to incur to reach a health facility.

153. *Increasing HIV/AIDS and Other Infectious Diseases.* Southern Africa has the highest HIV prevalence rates in the world. While Mozambique is not on the top of the list, it still has very high rates (Table 2.22).

According to the 2009 National Survey on Prevalence, Behavioral Risks, and Information about HIV and AIDS in Mozambique (INSIDA), 11.5 percent of Mozambicans aged 15 to 49 are HIV-positive (1.2 million). Higher HIV prevalence is found in urban areas (15.9 percent) than in rural areas (9.2 percent). Overall, 13.1 percent of women and 9.2 percent of men aged 15 to 49 are HIV-positive. HIV prevalence is higher among women than men in both urban and rural areas; women have a prevalence rate of 18.4 percent in urban areas and of 10.7 percent in rural areas and men of 12.8 percent urban areas and of 7.2 percent in rural areas. HIV prevalence for both men and women generally increases with age. Young women (15-24 years) are at risk of sexual exploitation (as well as infection from older husbands); in fact according to USAIDS, they have a prevalence rate much higher than young men (15-24 years), 8.5 percent compared to 2.8 percent.

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<sup>85</sup> This finding needs to be analyzed in more detail and confirmed on the ground. It is possible that transportation costs and availability and cost of medicines may also be at play here, with the traditional healer being located closer to home and with medicines included in the cost of the visit.

Table 2.22: Prevalence of HIV2007 (%)

Country	Age 15-49
<b>Mozambique</b>	<b>12.5</b>
Botswana	23.9
Lesotho	23.2
Malawi	11.9
Namibia	15.3
Rwanda	2.8
South Africa	18.1
Swaziland	26.1
Uganda	5.4
Zambia	15.2
Zimbabwe	15.3

Source: World Bank Development Indicator based on UNAIDS and WHO's Report on the Global AIDS Epidemic.

154. The 2009 round of INSIDA revealed that the dynamics of the HIV epidemic differ in the three Mozambican regions. The Northern region has a considerably lower prevalence rate than the rest of the country, with a stable trend, the Central region has a relatively higher prevalence, with a slightly declining trend; and the Southern region has a relatively greater prevalence, with a growing trend (Figure 2.14).<sup>86</sup>

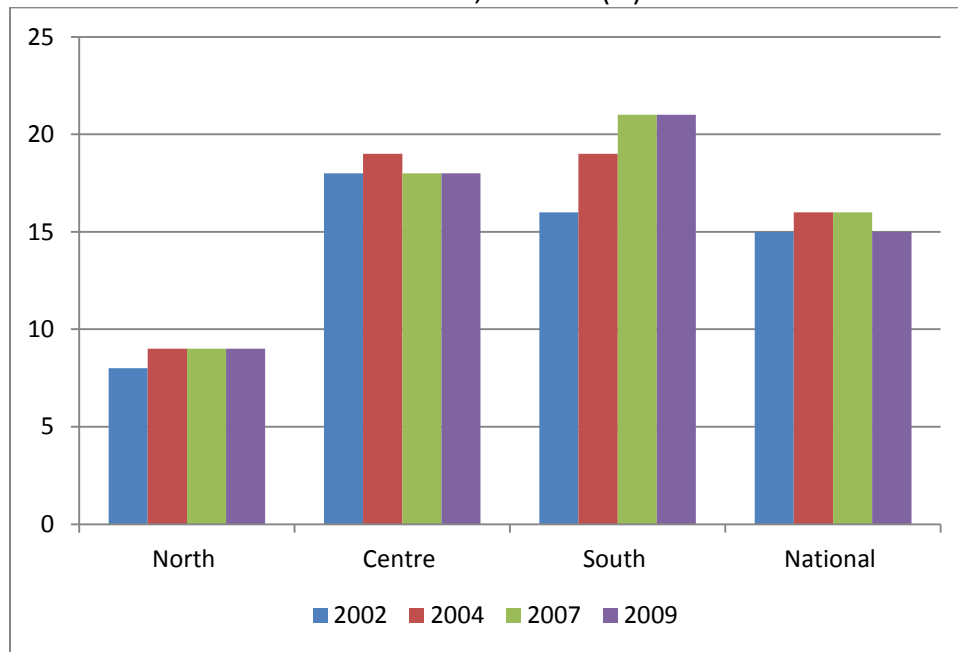
155. Other infectious diseases also pose important challenges to health authorities, including tuberculosis (TB), malaria, and measles. The estimated annual incidence of all forms of TB in Mozambique is 431 cases per 100,000, a rate above the average incidence of 356 cases per 100,000 in Sub-Saharan Africa. Malaria accounts for approximately 44 percent of all outpatient consultations, 57 percent of inpatient admissions, and almost 30 percent of in-hospital deaths. Malaria is also a major problem affecting pregnant women in rural areas and contributes to at least 30 percent of maternal deaths. During the last three years, the number of measles cases reported each year has nearly doubled from 272 to 530. To address this surge, health authorities have modified the national campaign strategy to

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<sup>86</sup> Ministry of Health (2009), p.5.

include all children aged 6 to 59 months and increased the number of national health campaigns from one to two each year.<sup>87</sup>

Figure 2.14: HIV Prevalence Rate among Pregnant Women (15-49 Years Old) Seeking Ante-Natal Care, 2002-09 (%)



Source: National Council to Combat AIDS (2010), Table 1.

156. Many of the poor who are HIV positive also suffer from TB. It is estimated that two-thirds of all people diagnosed with TB are infected with HIV.<sup>88</sup> For poor people who suffer from these diseases and often from hunger, the situation is unbearable. As the WFP has put it, “Many of Mozambique’s poorest are burdened with the combination of widespread food and nutrition insecurity and infectious diseases, most importantly HIV and AIDS and tuberculosis (TB). While HIV/AIDS, TB, and hunger are pernicious enough in their own right, the combination creates a dangerous vicious cycle that hastens morbidity and mortality among affected individuals and calls for a more complex, targeted and encompassing approach.”<sup>89</sup> As of December 2009, approximately 168,000 people were receiving

<sup>87</sup> World Bank (2010), p.2.

<sup>88</sup> Ibid., p.2.

WFP-Mozambique (2010), p. 3.



antiretroviral (ART) treatment, but this figure is considered to cover only a fraction of the 500,000 adults in need of ART treatment.<sup>90</sup>

157. *People with Disabilities.* According to the World Bank's 2008 Poverty Assessment for Mozambique, poorer households (Q1) tend to include a higher proportion of disabled adults, which adds to their burden of dependency.<sup>91</sup> While the prevalence of disability in all households is estimated at 7 percent, households in the poorest quintile have a disability prevalence of 10 percent compared with a prevalence of 5 percent for the households in the richest quintile.<sup>92</sup>

158. Mozambique has not yet signed the United Nations Convention on the Rights of People with Disabilities and its Optional Protocol.<sup>93</sup> The National Policy for People with Disabilities gives the Ministry of Women's Affairs and Social Welfare (MMAS) the responsibility for guaranteeing social protection coverage to people with disabilities and their families through measures that encourage their autonomy and integration into the community. Poor people with disabilities are eligible for the PSA, a monthly unconditional cash transfer program.

159. *Domestic Violence and Gender Discrimination.* According to MICS 2008, in Mozambique there is some acceptance of domestic violence. Some forms of violence are rooted in gender inequalities. Over one-third of women (36 percent) aged 15 to 49 believe that a husband has right to beat his wife/partner for at least one of five reasons - when the woman leaves without saying goodbye to her husband, does not look after the children properly, argues with her husband, refuses to have sex with her husband, or burns the food. Acceptance of domestic violence is more common in rural areas (39 percent) than in urban areas (31 percent).

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<sup>90</sup> Ibid., p. 3.

<sup>91</sup> World Bank (2008), Vol. I. p. 5.

<sup>92</sup> Ibid., Vol. II, Table A1.22.

<sup>93</sup> MICS 2008, p. 112.

160. *Lack of Basic Services.* During the last several years, the GOM has made significant efforts to bring basic services to the population, but major challenges remain. Table 2.23 presents estimates of household access to improved sources of drinking water, improved sanitation facilities, and electricity. There are still 57 percent of households that have no access to improved water or 2,628,581 people (403,711 in urban areas and 2,292,490 in rural areas). Meanwhile, 81 percent have no access to improved sanitation facilities or 3,721,517 people (706,829 in urban areas and 3,080,636 in rural areas), and 88 percent have no access to electricity or 4,071,778 people (838,969 in urban areas and 3,232,809 in rural areas).

Table 2.23: Household Access to Basic Services

	National	Urban	Rural
Improved source of drinking water	43.0	69.9	29.9
Improved sanitation facilities	19.3	47.1	5.8
Electricity	11.7	37.4	1.1
Total number of HHs	4,611,545	1,341,231	3,270,314

Sources: IOF 2008/09 (electricity) and MICS 2008, Tables 7.1 and 7.5.

161. *Natural Disasters and Climate Change.* Mozambique ranks third among those African countries most exposed to risks from multiple weather-related hazards because it suffers from periodic droughts, cyclones, and floods. According a recent World Bank report, as much as 58 percent of the population and more than 37 percent of GDP are at risk from two or more hazards. Floods, epidemics, and cyclones are the most frequent disasters, although droughts affect by far the largest number of people.<sup>94</sup> Table 2.24 summarizes the frequency and direct impact of the major natural disasters experienced in Mozambique since 1992.

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<sup>94</sup> World Bank (2010b).

Table 2.24: Major Natural Disasters in Mozambique, 1992 to 2011

Type of Events	# of Events	Killed	Total Affected
Drought	8	18	3,699,500
Tropical cyclone	9	299	3,115,200
General flood	14	972	5,748,306
Storm surge/coastal flood	2	83	649,329
Epidemic Cholera	16	1,903	316,286

Source: EM-DAT: The OFDA/CRED International Disaster Database, [www.emdat.be](http://www.emdat.be)  
 Université Catholique de Louvain, Brussels, Belgium.

162. According to the World Bank report, climate change will increase extreme weather patterns, based on observed trends and future scenarios. Critical sectors that will be at increasing risk from climate change include agriculture, infrastructure, power, water and sanitation, and health and nutrition. The impact of climate change over the next 40 years could lead to a 2 to 4 percent decrease in the yields of Mozambique’s major crops.<sup>95</sup>

163. In sum, one half of the Mozambique population is poor, with poverty particularly affecting children 0- 5 years old and the elderly. Poverty incidence is also higher among women heads of households, many of whom are involved in subsistence agriculture. The poor tend to get ill more often and have more difficulty accessing health care, mostly due to supply constraints. The HIV epidemic continues to devastate Mozambique’s households and communities, and only about one-third of those in need are receiving ART. Other challenges include meeting the needs of people with disabilities, reducing domestic violence, extending access to basic services to the many households that still do not have them, and minimizing the impact of recurrent natural disasters.

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<sup>95</sup> Ibid.

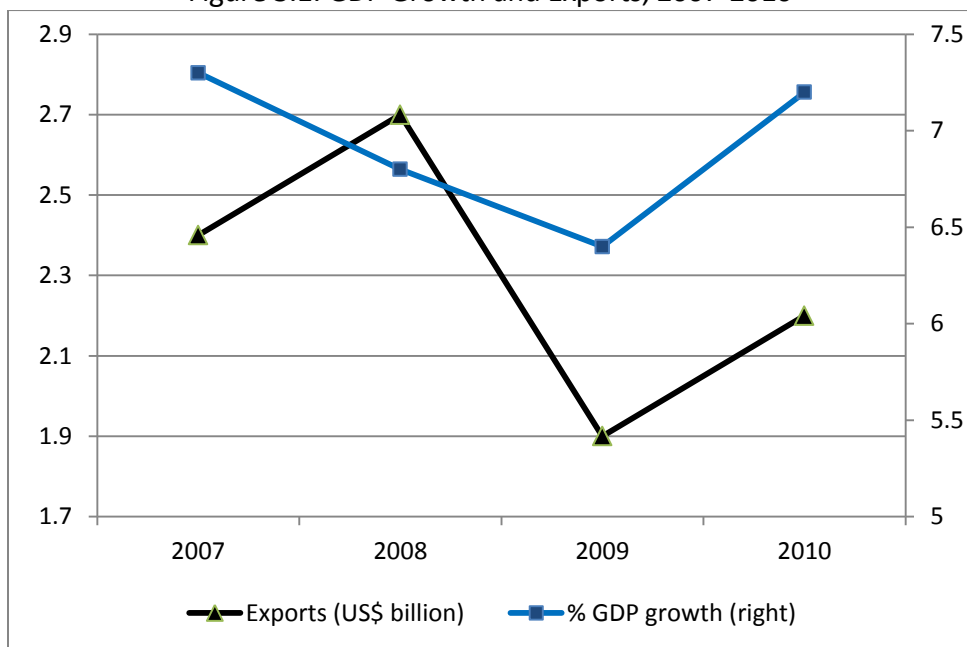
### **Chapter 3: Public Policies and Programs to Address the Risks**

164. In this section, we briefly analyze the policies and programs implemented by the Government of Mozambique to minimize the impact of the recent global crises, particularly on the most vulnerable groups, and discuss how households have dealt with the crisis. We then discuss in turn the various public programs that are being implemented to address the risks and the vulnerabilities faced by each age group.

#### **A. Mozambique's Response to the Global Economic Crises**

165. In mid-2000s, the world experienced a major crisis that began with a sharp increase in food and fuel prices and was followed in 2008 by the collapse of major financial institutions, a sharp economic contraction, and increased unemployment worldwide. Mozambique did not escape the adverse impact of the global crisis, even though its growth rates remained high (Figure 3.1). As a result of the sharp rise in fuel and food prices and the deterioration of terms of trade, GDP growth decelerated in 2008 and in 2009 as exports dropped sharply but has since recovered. Inflation, after dropping in 2009 because of a reduction in commodity prices and the introduction of fuel subsidies, it accelerated in 2010, partly due to the nominal devaluation of the Mozambique currency, the Metical. In addition, there was a significant reduction in external financing for the budget, including in grant financing (Figure 3.2).

Figure 3.1: GDP Growth and Exports, 2007-2010



Source: IMF (2010a) for GDP growth.

166. While the financial crisis did not affect Mozambique as severely as other countries, the food and fuel crises did. A joint GOM and World Bank study estimated that between July 2006 and July 2008 the prices of gasoline and wheat increased by 53 percent and 108 percent respectively in Maputo and the price of rice more than tripled in Beira.<sup>96</sup> The study concluded that the adverse impact of the fuel and food price increases was greater in urban centers than in rural areas.

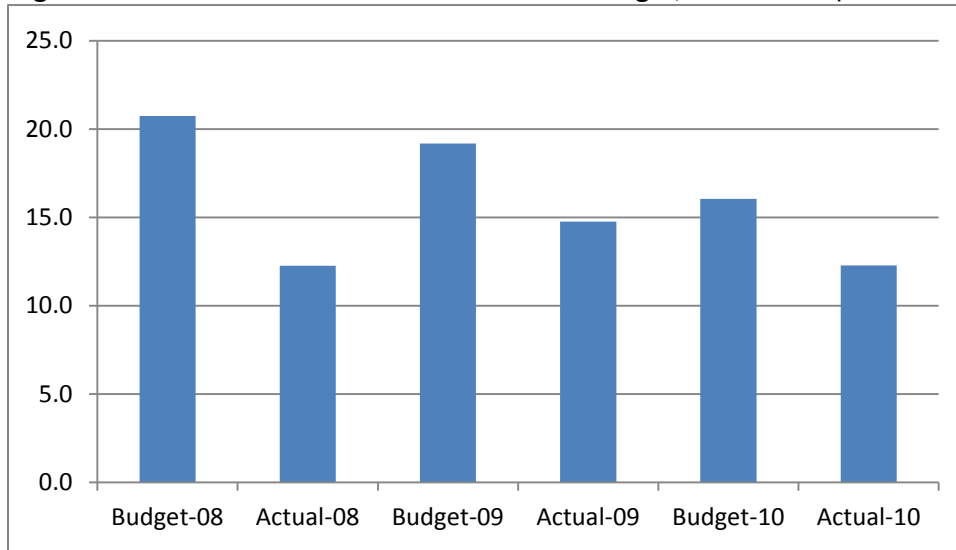
### 1. The Government's Response to the Crises

167. To minimize the adverse impact of the global crisis, in 2008 and 2009 the GOM took a series of monetary and fiscal measures to stimulate economic growth and employment creation. To support the fiscal accounts and the balance of payments, the government asked the World Bank to increase the size of the Poverty Reduction Strategy Credit (PRSC-6)

<sup>96</sup> World Bank and Ministry of Planning and Development of Mozambique (2009).

from US\$85 million to US\$110 million and requested US\$170 million from the IMF's Exogenous Shock Facility (ESF), which was approved by the IMF Board in June 2009.<sup>97</sup>

Figure 3.2: External Resources to Finance the Budget, 2008-2010 (% of GDP)



Source: Ministry of Finance (2010, 2009, 2008).

168. At the same time, the government took a series of measures aimed at protecting the most vulnerable population:

- The coverage of the unconditional cash transfer program (PSA) was expanded from 96,582 direct beneficiaries in 2006 to 143,455 in 2008 and to 217,683 in 2010 as the Netherlands and the UK began supporting the program.
- The INSS minimum pension was increased by 12 percent in 2009 and another 11 percent in 2010.
- The minimum wage was increased by 14 percent in 2009, by 10 percent in 2010, and by another 8 percent in 2011.<sup>98</sup>

<sup>97</sup> World Bank (2010c), p. 8.

- Reduce the import tariff on raw grains.
- The Ministry of Agriculture launched the Agricultural Production Action Plan (*Plano de Acção da Produção Agrícola, PAPA*) which provides, among other things, subsidized agricultural inputs to small-scale farmers (in kind or through vouchers). The program is supported by the UN's Food and Agriculture Organization (FAO) and the European Union (EU).
- Food-for-work programs were launched with the support of the WFP particularly to support the most food-insecure families.

169. However, the GOM committed to eliminating the fuel subsidies, and in 2010 the pump price of gasoline increased on several occasions.<sup>99</sup> To compensate for the elimination of the fuel subsidies, the GOM is in the process of making operational a set of measures, at the core of which is the ENSSB and the urban poverty reduction strategy.

## **2. Households' Responses to the Crises**

170. According to data from the IOF 2008/09, from the perspective of households, the most important shock that occurred in the last three years was an increase in food prices (reported by 36.5 percent of the households). This was followed by drought (19.8 percent) and some idiosyncratic shocks such as the death of another household member (10.8 percent) or illness (8.1 percent) (Table 3.1). The increase in food prices affected urban households more than those in rural areas, probably because some households in rural areas are net producers of food. The poorest households were affected more than richer households by agricultural pests, drought, cyclones, floods, and low producer prices.

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<sup>98</sup> There are about 11 minimum wages depending on occupation; for agriculture is 1682 MT and for financial services 3,483, with an average of about MT 2,350 in 2010.

<sup>99</sup> World Bank (2010c), p. 13.

Table 3.1: Major Calamities or Shocks Experienced by Households, 2008/09 (%)

	Total	Q1	Q2	Q3	Q4	Q5	Urban	Rural
Increased prices for food	36.5	28.8	33.7	31.6	33.2	57.8	53.4	30.2
Drought	19.8	23.6	17.2	21.1	24.6	11.6	9.0	23.9
Death of another HH member	10.8	11.0	10.6	9.3	11.9	11.4	12.1	10.3
Illness or accident of HH member	8.1	8.2	7.7	6.6	9.1	8.8	9.2	7.7
Agricultural pests (plague)	7.6	8.4	9.4	11.6	6.6	1.2	3.7	9.0
Death of head of household	4.8	4.3	5.1	5.1	4.3	5.3	5.8	4.4
Cyclone	4.4	6.7	4.8	4.2	4.2	1.9	3.8	4.7
Flood	4.0	4.0	5.2	6.2	3.2	1.3	1.5	5.0
Low producer prices	4.0	5.2	6.2	4.4	2.8	0.7	1.6	4.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: IOF 2008/09.

Note: Most relevant events in the last three years.

171. A Poverty and Vulnerability Survey (PVS) conducted by the World Bank in 2006 found that the most common coping strategy in both urban and rural areas, with little variation across income groups, is to seek help from family and friends. Selling household goods and assets was more common in rural areas than in urban areas, despite rural households generally having fewer assets. Households in rural areas were also much more likely to do nothing and merely try to get by. In rural areas, coping usually includes daily casual labor. Urban dwellers also resort to casual labor, usually loading and carrying goods in markets. Other coping options in urban areas include selling assets or pawning them, reducing food consumption, or borrowing or begging for money.

172. The proximity of extended families and a household's close ties with them, good relations with neighbors and friends, and access to social, economic, and political elites were seen as crucial for a household's ability to weather shocks and risks. Such networks can give household access to financial assistance (such as remittances), material support, assets, and livelihood opportunities outside the household and the community. According to the World Bank's 2008 Poverty Study, these social networks are based on the capacity to reciprocate, something that many of the poorest lack, thus leaving them with few means to



cope.<sup>100</sup> Nonetheless, these informal coping mechanisms (social capital) must be taken into account when designing social protection interventions.

173. Table 3.2 details household coping strategies during the recent shocks. When faced with food price increases, 25 percent of the households (23 percent in Q1) reduced their food intake, 15 percent (17 percent in Q1) lowered the quality of their food, 13 percent (12 percent in Q1) cut their non-food expenditures, and 43 percent (45 percent in Q1) did nothing. For other covariate shocks (such as drought, agricultural pests, and floods), the main coping strategy was in general to reduce the amount of food consumed and this applied to all quintiles. In the case of cyclones and floods, 10 percent and 14 percent of households respectively mentioned that they had received help from the government. For idiosyncratic shocks (the death or illness of a household member or the death of the head of the household), households used a combination of coping strategies, with the majority doing nothing. Some support from the government was mentioned by those in the poorest quintiles in the case of an accident to or illness of a household member.

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<sup>100</sup> World Bank (2008), p. 10.

Table 3.2: Coping Strategies in Response to Major Shocks, 2008/09 (%)

	Total	Q1	Q2	Q3	Q4	Q5	Urban	Rural
<b>Increased prices for food</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Received help from government	0	0	0	0	0	0	0	0
Reduced the amount of food	25	23	20	20	26	31	29	22
Lowered the quality of food	15	17	15	19	13	14	13	17
Cut non-food expenses	13	12	10	12	13	16	15	12
Didn't do anything	43	45	53	44	44	35	40	46
<b>Drought</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Received help from government	0	0	1	0	1	0	0	0
Reduced the amount of food	37	43	37	32	38	29	41	36
Lowered the quality of food	7	4	9	11	7	5	5	8
Cut non-food expenses	7	5	11	7	5	13	3	8
Didn't do anything	40	41	37	38	39	48	43	39
<b>Death of another HH member</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Received help from government	0	0	0	1	0	0	0	0
Reduced the amount of food	2	2	1	1	1	2	1	2
Lowered the quality of food	1	0	4	0	1	0	0	2
Cut non-food expenses	4	3	1	5	5	4	1	5
Didn't do anything	81	84	84	84	79	74	80	82
<b>Illness or accident HH member</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Received help from government	7	14	17	0	1	2	2	9
Reduced the amount of food	7	17	3	5	6	4	5	8
Lowered the quality of food	3	1	4	3	5	2	4	3
Cut non-food expenses	10	7	11	17	9	7	7	11
Didn't do anything	43	43	47	40	44	38	41	43
<b>Agricultural pests (plague)</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Received help from government	0	1	0	0	0	2	1	0
Reduced the amount of food	26	16	19	41	25	26	27	26
Lowered the quality of food	5	4	6	4	6	5	4	5
Cut non-food expenses	4	1	1	8	6	0	10	3
Didn't do anything	60	72	72	43	56	62	54	61
<b>Death of head of household</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Received help from government	1	3	0	0	1	3	1	1
Reduced the amount of food	6	9	5	9	0	8	8	5
Lowered the quality of food	2	0	3	5	0	2	1	2
Cut non-food expenses	4	6	2	4	3	3	4	3
Didn't do anything	71	78	86	65	69	55	62	75

<b>Cyclone</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Received help from government	10	12	1	7	20	10	4	12
Reduced the amount of food	9	8	8	15	10	0	4	10
Lowered the quality of food	1	1	2	1	1	0	0	1
Cut non-food expenses	5	3	9	5	6	0	4	5
Didn't do anything	68	72	76	62	52	78	82	64
<b>Flood</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Received help from government	14	16	20	13	2	7	4	15
Reduced the amount of food	24	24	26	22	20	32	24	24
Lowered the quality of food	3	4	3	2	4	0	1	3
Cut non-food expenses	8	7	3	10	12	11	8	8
Didn't do anything	40	36	31	45	53	36	47	39

Source: IOF 2008/09.

174. In sum, Mozambique did not escape the adverse impact of the global crisis, experiencing a decline in foreign aid to the budget and a sharp increase in food and fuel prices. While the government attempted to protect the most vulnerable population from the price hikes by increasing transfers, the minimum wage, and pensions, in the end they were forced to implement untargeted fuel and other subsidies that had a high fiscal cost. Households' coping strategies included reducing the amount of food that they consumed and the quality of food that they purchased and cutting back on their non-food expenses.

## **B. Public Programs to Address Risks and Vulnerabilities**

175. The main public programs being executed to address the risks and vulnerabilities identified are discussed below. While most of the programs covered here are being implemented by public agencies, many of these programs count with the cooperation of the partners and civil society organizations.

## 1. Programs for 0 to 5 Year Olds

176. The Ministry of Health's Child Health and Nutrition Program (*Saúde e Nutrição da Criança*) is the main program for this age group. It is supported by UNICEF and several NGOs. The program cost MT 248.8 million in 2010 and comprises micronutrients, deworming, and nutrition rehabilitation interventions.<sup>101</sup> In addition, programs for this age group include kindergartens for abandoned and orphaned children run by INAS, pre-schools run by the MMSA, and the National Birth Registration Plan.

177. Micro-nutrient Supplementation with Vitamin A (*Micronutrientes Vitamina A*) – Ministry of Health/UNICEF/Helen Keller International. The aim of this program is to reduce infant mortality by reducing the incidence of diarrhea, measles, and upper respiratory tract infections. The target groups for the Vitamin A supplementation program are children aged between 6 months to 59 months (16.4 percent of the total population) and pregnant women. Supplementation is provided through health clinics (well child clinics or ante natal clinics) and during Child Health Week.<sup>102</sup> Children receive supplementation every six months, and pregnant women receive one dose during their pregnancy. In 2010 approximately 4 million children between the ages of 6 and 59 months received supplementation (achieving the targets set by the Ministry of Health) and 1.2 million pregnant women (also achieving the target set by the health authorities). UNICEF has estimated the annual cost of supplementation per child to be US\$1.2.<sup>103</sup> In 2011 the Ministry of Health is implementing the program with support from UNICEF and Helen Keller International (HKI).

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<sup>101</sup> Ministry of Finance (2010), Figure V-4.

<sup>102</sup> Child Health Week is coordinated by the Ministry of Health and is a nationwide campaign to mobilize the population to make use of all primary health services, including antenatal care, vaccinations, and micronutrient supplementation. The campaign takes these services into communities and encourages them to make greater use of health facilities. Child Health Week campaigns are held twice a year.

<sup>103</sup> Ministry of Health (2010).

178. Iron and Folic Acid Supplementation (*Ferro/acido fólico*) – Ministry of Health/UNICEF. This program is managed by the Ministry of Health with support from UNICEF. It aims to reduce maternal mortality, improve neo-natal outcomes, and reduce anemia in pregnant women and adolescent girls aged between 15 and 19 years old. Data from the 2010 Nutrition Department Annual Report indicate that 1.4 million girls and young women were reached through the antenatal clinics and during Child Health Weeks.<sup>104</sup>

179. De-worming Program (*Desparasitação*) – Ministry of Health/UNICEF/SC/HKI. The de-worming program targets children between the ages of 12 months and 59 months and pregnant women. The program is managed by the Ministry of Health and supported by UNICEF, Save the Children (SC), and HKI. The aim of the program is to reduce child and maternal mortality by reducing the severity of anemia and diarrhea in children and pregnant women. The children are reached through the health clinics and the women through antenatal clinics. In addition, de-worming is offered to both children and pregnant women during Child Health Week campaigns. In 2010 approximately 1.5 million children were reached through the regular health clinics and more than double, 3.5 million, through the Child Health Weeks, making a total of 5 million.

180. Nutrition Rehabilitation Program. (*Programa Nacional de Reabilitação Nutricional*) – Ministry of Health/SC/UNICEF. The Ministry of Health runs a comprehensive nutrition rehabilitation program for children and adults who are severely malnourished. It consists of two components. The first is facility-based treatment for complex cases of severe acute malnutrition (SAM) where patients are treated with high-energy protein formulas and infection control. Treatment is carried out in all health facilities that have the capacity to admit patients. The rehabilitation products are supplied by UNICEF through the Ministry of Health's distribution system. The second component is community-based management (CMAM) in which cases of less complicated SAM are given ready to use therapeutic foods

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<sup>104</sup> Ibid.

(RUTF) to treat their severe under-nutrition at home. The community-based management of SAM is still not available in all provinces and is currently being piloted by Save the Children/UNICEF and the Ministry of Health. In 2010 the program treated 84,309 outpatient children with moderate and acute malnutrition and 13,806 inpatient children with acute malnutrition. The WFP is proposing (from 2011) to provide take-home dry rations of Corn Soya Blend + (CSB+) for malnourished pregnant and lactating women, children (aged 6 months to 15 years) and people living with HIV and/or TB. The WFP program will be rolled out in seven provinces in the country.<sup>105</sup>

181. Social Units for Young Children (*Unidades Sociais –Infantários*) – INAS. Social service institutions house people who are living in absolute poverty and have been abandoned or marginalized. These include orphanages, homes for the elderly, and transit centers for the disabled. INAS manages a number of these institutions, but there are also social service institutions that are managed by religious or charitable organizations. The MMAS has oversight of all of these institutions and provides them with minimum assistance. In 2010 INAS directly managed eight nurseries catering to 574 children. It is estimated that the cost of running these centers was MT 6.1 million in 2010.<sup>106</sup>

182. Kinders (*Centros Infantis e Escolinhas*) – MMAS. There are 663 community pre-schools (*escolinhas*) and 197 children centers (15 of them in the public sector) that together catered to 69,312 children (1,869 children in public centers) in 2010. As already mentioned, net pre-primary enrollment is only between 4 to 5 percent. The Ministry of Education is fully aware of the importance of ECD and pre-primary education and is developing an integrated strategy for this education level with the support of the World Bank.

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<sup>105</sup> Maputo City, Maputo Province, Gaza, Inhambane, Sofala, Manica, and Tete.

<sup>106</sup> Estimates by the author based on total spending reported by INAS and the spending projections on social services from MMAS (2011).

183. National Registration Plan (*Plano Nacional de Registro de Nascimento*) – DNRN/Ministry of Justice/UNICEF/Government of Netherlands. This plan was launched in 2005 and is being implemented by the Ministry of Justice’s National Directorate of National Registration with the support of UNICEF and the Dutch Government. In 2010, registration campaigns were carried out in 42 rural districts, while routine registration systems were strengthened in 76 rural districts. Media spots were produced to promote awareness of the need for birth registration. The program has registered 699,622 children and invested MT 24.2 million in 2010.

## **2. Programs for 6-17 Year Olds**

184. For this age group, there are several programs that give support directly to schools as well as programs for orphans and vulnerable children.

185. Direct Support to Schools (*Apoio Directo a Escolas*). This program, which was initiated in 2003, is managed by the Ministry of Education’s Special Programs Directorate. It provides direct financing to schools, in part to compensate them for the elimination of primary schools fees. The formula to assign the resources is not fixed and aims to favor schools in poorest areas and in more need of support. Generally it provides schools with US\$5 to US\$6 per class (*turma*) plus US\$1 to US\$3 per student per year. It seeks also to provide a minimum of resources (floor) to each school. The allocations are made twice a year so that enrollment and schools’ needs can be checked. In 2010 the program provided MT 549 million to primary schools, MT 210 during the first allocation and MT 339 million during the second allocation, and benefitted 5.2 million primary school children. In addition, the program is also providing some direct support to secondary schools and to technical education, which in 2010 reached MT 59 million, for a total program investment of MT 608 million. The program is mostly financed by the Education Sector Support Fund (FASE).

186. School Books (*Livro Escolar*). This program provides the required books free of cost to all students in primary schools (grades 1-7). For students in grades 1 and 2, it provides all required books every year since they are exercise books, and for students in grades 3-7, it provides the required textbooks. The schools receive 100 percent of the required exercise books for grades 1 and 2 and one-third of the required books for all other grades as books are assumed to last three years. In 2010, the program distributed 14.2 million books (82 titles) and 162,500 teacher manuals at a cost of MT 680 million. To lower the cost of the program, the GOM has bought the rights to eight titles and is in the process of acquiring the rights to another 20 titles.

187. School Feeding (*Alimentação Escolar*) – Ministry of Education/WFP. This program provides school feeding to students attending boarding schools (*Lares de Estudantes e Internatos*) run by the Ministry of Education as well as to a few number of primary schools. The GOM finances the boarding schools from its own resources and the WFP provides in-kind supplies for the primary school feeding program. In 2010 the program covered 421,034 children (8 percent of the 5,189,601 children in primary school) in 841 primary schools (5 percent of the 13,434 existing public primary schools) at a cost of MT 300 million.<sup>107</sup> According to the Ministry of Education, the schools are selected on the basis of the Secretariat for Food Security and Nutrition's nutrition and food vulnerability mapping. The Ministry of Education is currently developing a national school lunch program (*Programa Nacional de Lanche Escolar*) with World Bank support.

188. Child-friendly Schools (*Escolas Amigas das Crianças*) Ministry of Education/UNICEF. This program is implemented by the GOM with the support of UNICEF and provides safe water and adequate sanitation facilities to all schools in the targeted districts, among other interventions. The introduction of community-led total sanitation (CLTS) in schools and the training of key implementing non-governmental organizations and governmental staff has

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<sup>107</sup> Data on total number of schools and students are from Ministry of Education (2010b). Support from WFP reported by Ministry of Finance (2010) (Table V-4).



led to an improvement of sanitation in schools. UNICEF's Child-friendly Schools Annual Field Assessment Report shows that considerable progress has been made in terms of increasing enrollment and retention rates and improving the educational performance of children in the five school districts where the program has been implemented (Maganja da Costa, Buzi, Mossurize, Changara, and Chibuto).<sup>108</sup> According to UNICEF, the program reached 370,000 children with an investment of MT 127 million in 2010.

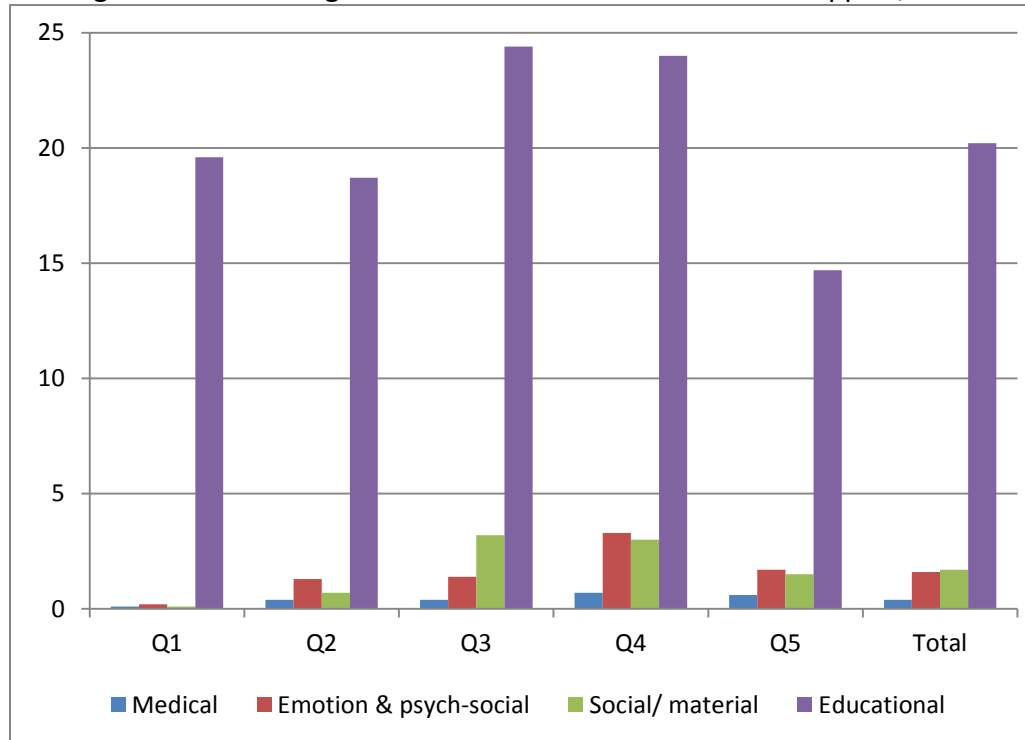
189. National Plan of Action for Orphans and Vulnerable Children (*Plano de Acção Nacional para as Crianças Órfãs e Vulneráveis*) – MMAS. The Plan of Action on Orphans and Vulnerable Children (PACOV) under the auspices of the Ministry for Women and Social Action (MMAS) was approved by the Council of Ministers in 2006. The first PACOV covered the period 2006 to 2010. UNICEF contributed MT 40.3 million in food aid to the program, which reached 252,258 children in 2010. PACOV II has been prepared on the basis of a 2010 evaluation of the implementation of PACOV. The central premise of PACOV is that the needs of the orphaned and vulnerable children are interdependent, and therefore, a variety of coordinated interventions are required in order to make a significant difference to these children's lives. The Action Plan identified six areas as fundamental: (i) health; (ii) education; (iii) nutritional and food support; (iv) financial support; (v) legal support; and (vi) psycho-social support (Figure 3.3). The GOM has determined that at least three of these basic needs must be satisfied by any given program or project aiming at supporting orphaned and vulnerable children. The GOM recognizes that a number of state and non-state actors are needed to fulfill the needs of vulnerable children. The evaluation of PACOV drew attention to the lack of resources for coordination and monitoring of the Action Plan by the MMAS, especially in regard to the interventions of the non-state actors. In addition, the lack of clear budgeting and monitoring of the financial resources allocated to the Plan of Action makes it difficult to track social expenditure for orphans and vulnerable children. These issues are

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<sup>108</sup> UNICEF (2011), p. 93.

expected to be addressed in PACOV II, which still needs to be presented to the Council of Ministers for approval.

Figure 3.3: Percentage of OVC Due to AIDS who Received Support, 2008



Source: MICS 2008, Table 12.13.

190. U.S. President's Emergency Plan for AIDS Relief (PEPFAR). PEPFAR has been providing funding in Mozambique for HIV and AIDS programs since 2006. The implementing partners of PEPFAR programs are American NGOs based in Mozambique.<sup>109</sup> PEPFAR provides funding for several different aspects of the fight against AIDS. The first aspect is *prevention*, including programs that (i) prevent mother-to-child transmission; (ii) promote abstinence, faithfulness, and the delay of sexual experience; (iii) specifically target high-risk or high-transmitter groups with condoms and other prevention measures; and (iv) ensure blood, biomedical, and injection safety. The second aspect is *care*, including (i) mobilizing and supporting local responses; (ii) standardizing essential services for orphans and vulnerable children; and (iii) strengthening the enabling environment and the government's

<sup>109</sup> These partners may work with government services or directly with community-based organizations.

response. The third aspect is *treatment*, including (i) technical assistance and training to strengthen pharmaceutical logistics information and control systems to ensure a reliable supply of antiretroviral (ARV) drugs and (ii) the procurement of ARV drugs approved by the US Food and Drug Administration (FDA). It is reported that PEPFAR is supporting about one-quarter of a million children, but no cost estimates are available.<sup>110</sup>

191. Support to Orphans and Vulnerable Children Program (*Apoio aos Órfãos e Crianças Vulneráveis*) – MMAS/ PMA. In 2006, the MMAS and the WFP signed a Memorandum of Understanding that formalized their cooperation in terms of programming for orphans and vulnerable children. The WFP provides food assistance to OVC under the umbrella of this agreement, which is delivered by partners (usually NGOs and community-based organizations). The Orphans and Vulnerable Children Program is implemented in the provinces of Maputo, Gaza, Inhambane, Manica, Sofala, and Tete. Children eligible for the program need to be 0 to 18 years of age and living in poor households. The program gives priority to child heads of vulnerable households and women heads of households. The majority of children in the program are affected by HIV and AIDS. According to the WFP, 48,937 children benefitted from the program in 2010 (44,294 children through the community programs and 4,643 children in institutions) at a cost of MT 315 million.

192. Prevention and Combat of HIV/AIDS (*Prevenção e Combate do HIV/SIDA*) – Ministry of Education. This program, which is financed through the Education Support Fund (FASE), supports the implementation of the Sectoral Plan for HIV/AIDS-Sector of Education, which is part of the National Strategic Plan to Combat HIV/AIDS of the National Council to Combat AIDS (CNCS). It supports research that can lead to quality improvements and innovation in the prevention and combat of AIDS and the training of teachers and education managers to

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<sup>110</sup> Hodges and Pellerano (2010), p. 50.

address the issue of HIV/AIDS, including the distribution of training materials, education, and communication. Total investment in the program in 2010 was MT 147 million.<sup>111</sup>

193. Children with Disabilities (*Crianças com Deficiência*). The Law on Promoting and Protecting the Rights of the Child states that children with disabilities have the right to special or specialized education at school and to specialized care in the national health system. Health units and public and private establishments are obliged to provide special care, medical treatment, and rehabilitation for children with disabilities. The National Policy for People with Disabilities gives the MMAS the responsibility to promote effective integration of children with disabilities in preschool activities. In 2010, the MMAS supported 2,384 children with disabilities; in addition, 309 students were enrolled in its three special schools and 89 were enrolled in the Institute for the Visually Impaired.<sup>112</sup>

194. Special Education (*Educação Especial*). The National Education Policy envisages the possibility of children with slight disabilities attending normal schools and of children with serious disabilities attending special schools. This requires that the education services must identify children with special needs before they start their school career and promote the training of teachers to work with these children. The obligation of the national education system to guarantee educational opportunities for all people with disabilities is restated in the Policy for People with Disabilities. As per the Ministry of Education's National Strategic Plan, special education is provided within regular schools. In 2010, there were about 74,000 children with special needs attending regular schools. In that year, the Ministry of Education trained 400 teachers in special education and 96 school staff in inclusive education. It also concluded the Regional Resources Centers for Special Education of Gaza, Nampula, and Tete.<sup>113</sup>

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<sup>111</sup> Ministry of Finance (2010), (Table V-4).

<sup>112</sup> Republic of Mozambique (2011), p. 171.

<sup>113</sup> Ibid. p. 142.

195. Campaign for Zero Tolerance for Violence Against Children (Campanha de Tolerância Zero de Prevenção de Violência Contra as Crianças) – Ministry of Education/Ministry of the Interior/MMAS/UNICEF/SC. The campaign is a joint initiative of the Ministry of Education, the Ministry of the Interior, and the Ministry of Women and Social Affairs and is implemented with the support of partners and NGOs. Two programs were implemented in 2010 as part of this campaign: Prevention and Response to Violence Against Children (Prevenção e Resposta a Violência Contra as Crianças) with the support of UNICEF at a cost of MT 9.1 million and the Prevention Of Child Trafficking (Prevenção do Trafico de Crianças) with the support of Save the Children at a cost of MT 900,000.

### **3. Programs for 18 to 24 Year Olds**

196. For this age group, there are scholarship programs and youth programs run by the Ministry of Youth.

197. Institute for Study Grants (Instituto de Bolsas de Estudo) – Ministry of Education. This Institute was created in 2007 and began operating in 2008. The purpose was to unify under one roof the management of scholarships that were dispersed by many different government institutions. A scholarship regulation was developed, approved, and published. The Institute (IBE) is a financially autonomous institution under the Ministry of Education. The IBE grants scholarships based on “need” and academic performance. The awarding of the scholarship is decentralized to the provincial commissions. Every year the scholarships are advertised in the major news media. Candidates then apply, and the provincial commissions select a number of beneficiaries that depends on the amount of resources available. In 2010, IBE had 1,200 beneficiaries studying within the country and 1,000 studying abroad with the financial support of development partners. Scholarships are for four to five years depending on the courses of study in question, and the amount covers tuition and living expenses (about MT 3,000 per month for 12 months of living expenses). Of the beneficiaries studying in Mozambique, about 60 percent were studying in public

universities (where tuition is about MT 5,000 per month) and 40 percent in private institutions (where tuition is about MT 13,600 per month). Of the 1,200 internal scholarships, only 25 were for poor students in secondary school as scholarships at this level are awarded only in very special circumstances. In 2010, the IBE invested MT 180.9 million in scholarships. The IBE is now considering developing a student loan program, while the Ministry of Education is currently discussing the introduction of a program of study grants for children attending classes above 7th grade. The objective would be to retain children from the poorest households in school.<sup>114</sup>

198. Other Scholarships (*Outras Bolsas de Estudo*). Other institutions continue to offer scholarships outside the IBE. Some are in specialized fields such in tourism or science and technology while others are of general interest. The amount invested in these scholarships in 2010 was MT 303.3 million.<sup>115</sup>

199. Youth Initiative Fund (*Fundo de Iniciativas Juvenis*). In the area of youth, the Ministry of Youth and Sports (MJD) has prioritized the strengthening of the youth association movement and the development of programs for the generation of employment and self-employment. Specific activities undertaken by the MJD include the dissemination of the Cheringoma Declaration (which emanated from the second youth conference held on October 2008 in the district of Sofala) and the beginning of a review of the country's Youth Policy and Strategy. The Youth Initiative Fund is a microcredit program that aims to develop entrepreneurship skills and creation of capabilities among young people aged 15 to 35 to enable them to generate self-employment opportunities mainly in the areas of agriculture, food processing, and commerce and garment manufacturing. It is a demand-driven credit program with youths receiving training and support in implementing their business plans. The Fund is managed at the provincial level. Between 2006 and 2010 it supported 139

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<sup>114</sup> Ministry of Education (2010).

<sup>115</sup> Ministry of Finance (2010), (Table V-4).

projects in the provinces of Cabo Delgado (1), Niassa (2), Nampula (32), Zambézia (19), Tete (5), Manica (3), Sofala (5), Inhambane (7), Gaza (1), Maputo Província (33), and Cidade de Maputo (31) at a cost of MT 7 million. The program is fragmented, and cost recovery is believed to be quite low. In Maputo, the Ministry is partnering with the General Union of Cooperatives (*Union Geral de Cooperativas*) to manage the program under the auspices of the UK Commonwealth Youth Program to improve results and increase cost recovery. The MJD is seeking US\$15 million to finance the program over the next three years.

200. The Busy Generation Program (*Geração Biz Program*) – MJD/Ministry of Education/Ministry of Health/UNFPA The program was designed and developed by young people, who named it to reflect their “busy generation.” It aims to increase the awareness of young people both in and out of school of sexual and reproductive health issues and to encourage the adoption of safe, responsible, and gender-sensitive sexual and reproductive behavior. The project is implemented by the provincial directorates of the Ministries of Youth and Sports, Health, and Education, with the support of youth associations, NGOs, the UN Population Fund (UNFPA), Pathfinder International, the Embassy of Norway, the Swedish International Development Cooperation Agency, and the Danish International Development Agency.<sup>116</sup> In 2010, the program reached 54,000 young people in school and out of school and invested MT 8.3 million.<sup>117</sup>

#### **4. Programs for 25 to 59 Year Olds**

201. There are several programs aimed at increasing the literacy and skills of Mozambicans in this age group and at helping the poor to obtain better jobs or to establish a small business.

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<sup>116</sup> [http://www.pathfind.org/site/PageServer?pagename=Programs\\_Mozambique\\_Projects\\_GeracaoBiz](http://www.pathfind.org/site/PageServer?pagename=Programs_Mozambique_Projects_GeracaoBiz)

<sup>117</sup> Information received from the Ministry of Youth and Sports during an interview.

202. Income Generation Program (*Geração de Rendimento*) – INAS. INAS's Income Generation Program (PGR), which dates from 1998, creates mechanisms to provide training and micro-credit to individuals or groups that have the ability to participate in income-generating activities or self-employment. Socioeconomic criteria are used to select the beneficiaries in local communities. In 2010, 12,072 people (8,356 of whom were women) benefitted from the program at a cost of MT 39.5 million. The program has a very low cost recovery record and its impact is unknown.<sup>118</sup>

203. Social Benefit for Work (*Benefício Social pelo Trabalho*) – INAS. This program was designed to transfer the beneficiaries of the PSA who were capable of working to another scheme that would integrate them into the workplace. Before INAS suspended the program in 2011, pending a thorough review of its programs, it provides employers with a subsidy of MT 450 a month to hire them. The agreement between INAS and the employers was that, after the 12-month period, INAS would provide 70 percent of the beneficiaries with income-generating opportunities and the employer would absorb the remaining 30 percent into its workforce. A total of 4,029 people (including 3,243 women) benefitted from this scheme in 2010, at a cost to INAS of MT 27.3 million. Although there has been no formal evaluation of the program, INAS managers recognize that there have been problems with coordination between INAS and the employers, resulting in a lack of absorption of people into the workforce after the 12-month period.

204. Adult Education (*Educação de Adultos*) – Ministry of Education. The Adult Education program run by the Ministry of Education aims to reduce adult illiteracy from 48 percent to 30 percent by 2014. In 2010, the Ministry of Education recruited 32,090 literacy teachers to run 3,724 literacy and adult education units for a stipend of MT 550 per month. In 2010, 484,685 people (382,887 of whom were women) participated in the regular program. If

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<sup>118</sup> INAS (2011).



other programs for increasing literacy are considered (Alfa-radio stage, PROFASA, and others), about 1.1 million people are expected to be reached by the program.<sup>119</sup>

205. National Employment and Professional Development Institute (*Instituto Nacional de Emprego e Formação Profissional*) – Ministry of Labor. The INEFP has a mandate to recruit and place people who are unemployed with registered employers who are looking for staff. It also offers short professional training courses through its 11 provincial professional training centers. In 2010, the INEFP helped to place 52,359 people in jobs (10,470 of whom were women) through employment centers. Overall, the INEFP operates with a staff of 38 trainers. It offers training only in basic skills. The minimum requirement that a candidate must meet to attend training is to know how to read and write. Generally, there is no charge for the courses, but in some cases a “minimum” charge may apply and no stipend to poor students is offered. Responsibility for the courses and budgets are decentralized to the provincial centers and are thus very fragmented. In 2010, the INEFP provided training to 8,555 people (other public and private bodies trained another 69,000 people). In addition, it provided training in the provinces of Sofala and Tete to 261 people through its mobile unit.<sup>120</sup> Recently the INEFP has trained 11,000 workers for MOSAL the new aluminum company of Mozambique, and is now training 120 workers for VAL Tete, a coal company. It has implemented several courses with ILO and UNDP financing.<sup>121</sup> In 2010, the INEFP invested MT 23.6 million. The INEFP has been a beneficiary of the Technical and Vocational Education and Training Project being implemented with the support of the World Bank (US\$27.4 million between 2006 and 2011). The project’s objectives are to help to transform the existing technical and vocational education training system into a demand-led training system and to provide beneficiaries with more market-relevant skills and better economic opportunities. The project is developing or has already created: (i) an Institutional

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<sup>119</sup> Republic of Mozambique (2011), p. 135.

<sup>120</sup> INEFP (2010).

<sup>121</sup> Information received during interview with INEFP’s Executive Director.

Framework; (ii) a standards-based qualification and training system; (iii) quality improvements in training institutions; and (iv) a Skills Development Fund (FUNDEC).

206. Agricultural Inputs Voucher Program (*Senhas para Insumos Agrícolas*) – GOM/FAO/USAID. The program is funded by the European Union and is implemented in five provinces and 17 districts of Mozambique. It is implemented by the GOM and FAO in collaboration, with the International Fertilizer Development Center (IFDC) providing technical assistance and coordination with suppliers and agro-dealers. USAID provided funds for the initial design and preparation of the program. The goal of the program is to promote the use of fertilizer and improved varieties of seed by smallholder farmers to increase production of food crops and thus increase their incomes. Since smallholder farmers in most cases cannot afford the cost of the inputs, they are given a discount voucher to increase their direct purchasing power and make the inputs more affordable and thus attractive to them. In order to encourage the establishment of input markets and distribution networks, the inputs are supplied by private sector agro-dealers. In 2009/10, the program distributed 20,626 vouchers to farmers to buy improved seeds and fertilizers – 12,926 vouchers for maize and 7,700 for rice production. The subsidies amounted to MT 42.9 million, with farmers contributing with an additional MT 21.3 million for the purchase of inputs.<sup>122</sup>

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<sup>122</sup> Beig (2010).

## 5. Programs for People aged 60 Years and Older

207. For the elderly, there are old age pension programs and two INAS programs, the Food Subsidy Program (PSA) that targets, among others, the elderly poor and the Centers of Support to the Elderly.

208. Pensions (*Pensões*). As mentioned in Chapter II of this report, Mozambique has three major pension plans: the National Institute of Social Security (INSS), which covers the private sector, and two MOF plans that cover civil servants and the military. This is part of the compulsory social protection regime established in Article 6 of Law n° 4/2007 on Social Protection.

209. The INSS was created in 1990 with a mandate to protect private sector workers against the risk of the partial or total reduction of their work income by granting subsidies covering disease, invalidity, old age, and death. The system covers all salaried workers, whether nationals or foreign residents, as well as their dependent family members. Law 4/2007 of February 7 makes it obligatory for all employed workers and self-employed workers to be affiliated with the INSS. According to Regulation of Obligatory Social Security Decree 53/2007 of December 3, the affiliation of domestic employees, artists, sportsmen and women, and agricultural workers will be determined by the Minister of Labor taking into account the INSS's capacity. The INSS still has to develop a strategy to incorporate self-employed workers. The rate of contribution to the INSS is 7 percent of a person's wage, 3 percent paid by the worker and 4 percent paid by the employer. Workers' contributions are deducted directly from their wages every month and, together with their employer's contribution, is paid to the INSS.

210. Table 3.3 indicates that fewer than half of the contributors (enterprises) enrolled in the INSS pension system are active, while only one-third of the beneficiaries (workers) are active. As a result, the INSS covers less than 3 percent of the labor force. It is estimated that

the employed labor force in 2009 constituted 9 million people, and of this total, 340,000 worked in the public sector and 3.4 million were unpaid family workers. The remaining 5.3 million are the INSS's potential affiliates. Since there were only 239,304 active members in the INSS in 2009, the potential to increase coverage is very large (5 million workers). Even considering only those working for private firms, an estimated 700,000 workers, the INSS could triple its coverage.

Table 3.3: INSS- Number of Contributors, 2005-2010

Concept	2005	2006	2007	2008	2009	2010
Affiliated contributors	17,096	18,893	21,101	24,022	27,443	30,920
Affiliated beneficiaries	583,148	627,549	667,606	713,009	760,978	815,968
Active contributors	8,938	9,488	11,481	14,099	13,960	N/A
Active beneficiaries	169,424	176,980	207,076	246,635	239,304	N/A
Total monthly wages	735,359,638	911,465,757	963,613,987	1,626,396,843	1,945,702,822	N/A
Average contribution wage	4,340	5,150	4,653	6,594	8,131	N/A
EAP total	10,040,863	10,270,964	10,507,468	10,749,675	11,003,387	N/A
EAP salaried	1,335,435	1,366,038	1,397,493	1,429,707	1,463,450	N/A
EAP salaried, private	692,820	708,697	725,015	741,728	759,234	N/A
Coverage % PEA	1.7	1.7	2.0	2.3	2.2	

Source: ILO based on INSS database (June of each year).

Note: EAP-Economically active population.

211. The INSS's retirement age is 60 for men and 55 for women. Contributors with more than 30 years of membership or 300 months of contributions may also retire. In 2009, over one-half (51 percent) of INSS expenditures were on old age pensions (Table 3.4) that benefitted 13,773 retirees.<sup>123</sup> Old age, invalidity, and survivor pensions amount to 86 percent of its expenditure and the remainder to various subsidies. Overall, the INSS's spending in 2009 was MT 689.8 million, equivalent to 0.3 percent of GDP.

<sup>123</sup> Data on INSS expenditures on 2010 were still not available as of mid-May 2011.

Table 3.4: INSS - Pensioners and Pension Expenditures

	2005	2006	2007	2008	2009	2010
<b>Pensioners</b>						
Old age pension	9,075	10,484	11,798	12,861	13,773	
Invalidity pension	1,052	1,197	1,359	1,434	1,293	
Survivor pension	7,239	9,056	10,708	12,142	13,296	
Average monthly old age pension MT	1,008	1,186	1,372	1,874	2,130	
Minimum monthly old age pension MT				1,284	1,442	1,597
<b>Expenditures MT</b>						
Old age pension	109,774,438	149,146,912	194,246,574	289,264,104	352,090,018	
Invalidity pension	11,671,329	15,434,120	19,631,971	25,283,164	28,344,162	
Survivor pension	67,322,923	9,468,1297	123,196,101	177,145,901	216,130,266	
<b>Sub- total pensions:</b>	<b>188,768,690</b>	<b>259,262,329</b>	<b>337,074,646</b>	<b>491,693,169</b>	<b>596,564,446</b>	
Illness subsidy	11,184,585	13,166,050	15,352,421	18,420,489	18,420,489	
Death subsidy	42,618,175	49,325,413	56,243,559	55,494,100	55,494,100	
Funeral subsidy	4,616,121	6,541,938	6,493,389	6,066,141	6,066,141	
Hospitalization subsidy	6,240	9,570	6,610	3,910	3,910	
Maternity subsidy	0	0	0	8,240,591	8,240,591	
Old age grant	1,552,670	3,320,691	4,003,386	2,870,556	2,870,556	
Survivor grant	1,986,825	2,075,125	3,042,944	2,112,294	2,112,294	
<b>Sub-total subsidies and grants:</b>	<b>61,964,616</b>	<b>74,438,787</b>	<b>85,142,309</b>	<b>93,208,081</b>	<b>93,208,081</b>	
<b>Total</b>	<b>250,733,306</b>	<b>333,701,116</b>	<b>422,216,955</b>	<b>584,901,250</b>	<b>689,772,527</b>	
<b>GDP (MT 10<sup>^6</sup>)</b>	<b>151,707</b>	<b>180,242</b>	<b>207,644</b>	<b>240,358</b>	<b>269,213</b>	<b>324,000</b>
<b>% of PIB</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	

Source: ILO based on INSS database (June of each year).

212. The MOF's pension plans are also financed by a payroll contribution from each civil servant of 7 percent of their salary. The plan for civil servants is regulated by the General Statute of State Employees (EGFE), Decree 14/87 of May 20, and the military plan is regulated by the Social Security Regulations of the Armed Forces of Mozambique approved by Decree 3/86 of June 25. The military pensions have been given to those who fought in the independence war (about 46,000) and to those who fought in the 16-year civil war (about 30,000). These beneficiaries obviously did not contribute to their pensions. In the case of the civil servants' plan, in addition to the 7 percent retirement contribution, civil servants contribute 1.5 percent for medical insurance and 0.5 percent for the funeral

subsidy. The medical insurance provides them with free care in public facilities. Civil servants may also obtain support for treatment abroad, but access to this benefit is not clearly regulated.

213. For civil servants, retirement is granted after 35 years of services or upon reaching the age of 55 for women and 60 for men and having at least 15 years of service. After 35 years of service, civil servants no longer have to contribute to the system. For those with 35 years of service, the replacement rate is 100 percent of their last salary, while for those with fewer years of service, the replacement rate is given by the following formula:  $\text{years of service}/35 * \text{last salary}$ ). According to MOF officials, contributions (from civil servants) cover only about one-third of MOF expenditures on both plans. In 2010 the GOM spent MT 5,646 million, equivalent to 1.7 percent of GDP, on both plans to the benefit of 34,293 civil and 75,923 military retirees (Table 3.5).

Table 3.5: Government of Mozambique Public Servants and Military Pension Plans

	2009			2010		
	Civil	Military	Total	Civil	Military	Total
<b>Pensioners</b>						
Central	14653	10913	25566	14364	10555	24919
Niassa	814	5895	6709	859	6502	7361
Cabo Delgado	708	24111	24819	720	25171	25891
Nampula	3186	4738	7924	2962	4812	7774
Zambézia	1239	4776	6015	1153	5106	6259
Tete	1137	6451	7588	1158	6435	7593
Manica	1316	6688	8004	1385	6738	8123
Sofala	3860	5095	8955	3819	5376	9195
Inhambane	1935	2272	4207	1929	2397	4326
Gaza	1673	2135	3808	1652	2155	3807
Maputo	615	164	779	624	676	1300
Cidade de Maputo	1824	0	1824	3668		3668
Total Provincial	18307	62325	80632	19929	65368	85297
<b>Total</b>	<b>32960</b>	<b>73238</b>	<b>106198</b>	<b>34293</b>	<b>75923</b>	<b>110216</b>
<b>No of Public Employees</b>			175000			185000
<b>Expenditures (MT 10<sup>6</sup>)</b>						
Central	677	486	1162	864	574	1438
Total Provincial	561	3028	3589	670	3538	4208
<b>Total</b>	<b>1238</b>	<b>3514</b>	<b>4752</b>	<b>1534</b>	<b>4112</b>	<b>5646</b>
% of PIB	0.5	1.3	1.8	0.5	1.3	1.7
Memo:						
Average monthly pension MT	3130	3998	3728	3728	4514	4269

Source: Ministry of Finance.

214. Food Subsidy Program (Programa de Subsídio de Alimentos) – INAS. This program, the PSA, provides a regular transfer to people who are unable to work and who live in poverty. The PSA is the only regular, governmental, non-contributory social transfer in Mozambique. Specifically, the program targets the elderly, the disabled, and people with chronic diseases and their dependents. The PSA is a national program, but its coverage in the remote rural areas is low, and the geographic expansion of the program is a priority for the National Institute of Social Action (INAS). The transfer ranges from MT 100 for a one-person household to MT 300 for a household of five people or more – in other words, one direct beneficiary and four or more indirect beneficiaries (see Table 4.13 below). The new

payment scale became effective in January 2008 and represents an increase from MT 70 to MT 100 (single person household) and from MT 140 to MT 300 in the last level (four or more indirect beneficiaries). In 2010, the PSA reached 217,683 direct beneficiaries (139,818 of whom were women) and 236,451 indirect beneficiaries for a total of 454,134 beneficiaries at a cost of MT 389.1 million. Of the total number of beneficiaries, 94 percent are elderly, 5 percent disabled, and 1 percent chronically ill.

215. Social Service Institutions and Old Age Homes (*Unidades Sociais-Centros de Apoio a Velhice*) – INAS. Social service institutions house people who are living in absolute poverty and have been abandoned or marginalized. These include old people's homes. INAS directly manages 12 old age homes. In 2010 it provided services to 835 people at a cost of MT 7.6 million.<sup>124</sup>

## **6. Programs for Household Risks**

216. There are several programs that aim at addressing the vulnerabilities of poor households related to health, disability, gender discrimination, lack of basic services, and natural disasters.

217. Direct Social Assistance (*Apoio Social Directo*) – INAS. The PASD program aims to provide financial, material, and psychosocial support to individuals or groups of individuals in a situation of absolute poverty. It focuses specifically on orphaned and vulnerable children, malnourished pregnant women, needy twin children, children with nutritional problems, abandoned children, the chronically ill, needy families, and victims of natural disasters and other serious unexpected incidents. In 2010 the number of beneficiaries of Direct Social Assistance was 26,628 (including 14,422 females) at a cost of MT 58.6

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<sup>124</sup> Estimates by the author based on total spending reported by INAS and the spending projections on social services from MMAS (2011).



million.<sup>125</sup> About 38 percent of the beneficiaries were orphans, 15 percent twins, 11 percent undernourished children, 8 percent children whose mother could not breastfeed, 5 percent people with disabilities, 4 percent elderly, and 3 percent child heads of households. The PASD is a national program but the actual coverage is low.

218. National AIDS Council (*Comissão Nacional Combate SIDA*). The GOM has approved several important instruments to strengthen the combat against HIV/AIDS. In 2007 the GOM approved the Strategy of Nutritional Support for People Living with HIV/AIDS and Other Chronic Diseases. Then, in December 2008, it approved the National Strategy to Speed Up HIV Prevention, which stresses the need to take urgent measures to expand programs designed to increase knowledge and change behavior that puts the population at risk of HIV infection. Finally in 2010 it approved the National Strategic Plan III to Combat the Pandemic.<sup>126</sup>

219. The GOM is committed to ensuring universal access to treatment by HIV/AIDS patients. Antiretroviral treatment (ART) has been decentralized and integrated into the health system as well as the prevention of mother to child transmission, and counseling and testing. This has resulted, in a relatively short period of time, in a significant increase in coverage of both adults and children. People living with HIV who initiate ART and have nutritional needs now have access to food support (see below). People living with HIV also saw their rights better protected through Law No. 12/2009 of March 12.

220. According to the Minister of Health, of the 425,089 adult patients (over 15 years old) that need ART, 156,688 (37 percent) were receiving it in 2009. In the same year, there were 47,800 children in need of treatment, and 13,510 (28 percent) were receiving it. Coverage varied widely among the regions. While 43 percent of children and 65 percent of adults were covered in the Southern region, the corresponding coverage rates were 13 percent

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<sup>125</sup> INAS (2011).

<sup>126</sup> Republic of Mozambique (2008), p.17.

and 30 percent in the Northern region and 30 percent for both children and adults in the Central region.<sup>127</sup>

221. The National AIDS Council develops and coordinates AIDS policies and programs. In the past it had a grant facility for civil society and non-state actors, but now it is mainly working with the public sector in mainstreaming policymaking and coordination. Its budget in 2010 was MT 252.6 million.

222. Prevention of Mother-to-Child Transmission of HIV (*Prevenção Transmissão de SIDA* – Ministry of Health. Prevention of mother-to-child transmission is one of the priorities of the prevention component in the strategy for reducing HIV/AIDS and is managed by the Ministry of Health through the National Health System. The estimated number of HIV-positive pregnant women is around 150,000 per year. The PMTCT program, which has national coverage, was started in 2002. By 2010, 909 health facilities were offering PMTCT programs (or 83 percent of the 1,090 health facilities with antenatal care services). In 2010, 624,949 pregnant women attended antenatal services for the first time and, of those, 464,524 (74 percent) received counseling and testing. Of all HIV-positive pregnant women in the country, 32,676 (41 percent) received ART.<sup>128</sup> The main reasons for the low coverage of the PMTCT are the low percentage of women who attend antenatal clinics and the limited availability of PMTCT treatment within the health system.<sup>129</sup>

223. Basic Food Basket for People in ART (*Senhas para a Cesta Básica Nutricional*) – In 2009 the government introduced a food voucher program (*Cesta Básica*) for those taking ART and with nutrition deficiencies. Initially the *Cesta Básica* program aimed to reach 3,500 malnourished people in 11 provincial capital cities during the first six months of treatment. The voucher system seeks to reduce the logistical and operational overheads of traditional

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<sup>127</sup> Ministry of Planning and Development (2010b), p. 74.

<sup>128</sup> Republic of Mozambique (2011).

<sup>129</sup> UNGASS (2010).

food delivery mechanisms and to empower local markets by using resources at the targeted sites. In 2010 the government asked the WFP to support the expansion of the *Cesta Básica* to 51 additional health facilities to provide vouchers for food to an additional 3,500 malnourished people living with HIV.

224. Support to People with Chronic Illness (*Apoio a Pessoas com Doenças Crônicas*) - PMA. Under the Protracted Relief and Recovery Operation 2008-2011, the WFP supports the national response to HIV and AIDS by providing nutritional support to an estimated 30,000 moderately malnourished ART clients per year. During the first six months of their treatment, the WFP provides beneficiaries with food to help them with their nutritional recovery and drug adherence. The WFP food assistance is distributed in collaboration with the Ministry of Health through the existing public health delivery system and through a wide range of NGOs. The monthly food support includes 25kg of cereals, 5kg of pulses, and 10kg of corn soya blend (CSB). The GOM has indicated that it would like to gradually substitute the delivery of food items with the voucher system wherever feasible.

225. Social Units for the Handicapped (*Unidades Sociais Centros de Transito*) – INAS. Social service institutions include transit centers for the disabled. As of 2010, the MMAS managed six of these institutions, which catered to 303 people. It is estimated that the cost of running these centers was MT 1.9 million in 2010.<sup>130</sup>

226. Domestic Violence. In December 2009, the President of Mozambique promulgated the Law against Domestic Violence (Law No. 29/2008), which made domestic violence a crime in Mozambique. This brought Mozambique closer to being in line with the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). The GOM now has the mandate to ensure the protection of women and children against abuse and sexual

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<sup>130</sup> Estimates by the author based on total spending reported by INAS and the spending projections on social Services from MMAS (2011).

exploitation at home and in the community. The law emphasizes prevention but increases the sanctions for offenders and requires the GOM to provide assistance to the victims.

227. The MMAS runs a series of programs to empower women. It has conducted 15 workshops to disseminate the national and international Instruments for the Defense of the Human Rights of Women, held 48 dissemination sessions on the National Plan for Preventing and Combating Violence against Women involving 1,868 people, and has chaired five training sessions for journalists, police, and community leaders on violence and human rights. In addition, it initiated the construction of six pilot Women Training Centers and inaugurated a Center for the Promotion of Women for an association of 115 craftswomen in the district of Palma in Cabo Delgado province. It has also identified premises for two shelters (centers of refuge) for women victims of violence, one being in the district of Caia and another in Beira City, in the province of Sofala.<sup>131</sup>

228. Women Entrepreneurship (*Potenciação de Habilidades Empresariais Femininas*) – MMAS/ADB. This program, which aims to empower women, is supported by the African Development Bank (ADB). In 2010, it supported 4,500 women organized in 350 groups or associations in the provinces of Sofala and Manica. In 2010 the program invested MT 28.5 million.<sup>132</sup>

229. Subsidies. The GOM has three types of major subsidies – on fuel, on wheat flour for bread, and to cover the operating deficits of various public enterprises.

230. Mozambique has traditionally adjusted fuel prices once per month based on a market-based formula. At the peak of the food and fuel price shock in February 2008, the government introduced an adjustment factor that kept fuel prices below market prices. In

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<sup>131</sup> Republic of Mozambique (2011).

<sup>132</sup> The numbers covered come from a direct communication with MMAS, while the amount invested comes from Ministry of Finance (2010).

April 2009 it froze retailer prices and asked fuel importers to continue to provide fuel below market prices. In March 2010, the government began gradually increasing the prices of all petroleum products other than diesel to market levels in August 2010, with a cumulative price increase of 73 percent. Diesel prices were raised by 38 percent in May 2010 but remain below market levels.<sup>133</sup>

231. An agreement between the GOM and fuel importers to settle outstanding claims for 2008 and 2009 became effective in February 2010. The GOM also paid compensation for below-market fuel prices in 2010 until the end of May 2010. The fuel subsidy has resulted in higher than estimated budgetary costs in 2010 (1.4 percent instead of 0.6 percent of GDP). Table 3.6 details the cost of the fuel subsidies in 2010 as well as the cost of the subsidies for bread (0.02 percent of GDP) and of those to cover the operational deficit of 5 public enterprises, namely Radio Mozambique (*Rádio de Mozambique*), Mozambique Television (*Televisão de Mozambique*), Public Transports of Maputo (*Transportes Públicos do Maputo*), Public Transports of Beira (*Transportes Públicos da Beira*), and Chockwe Hydraulic (*Hidráulica de Chockwe*).

Table 3.6: Cost of Subsidies to the GOM, 2010

Subsidy	MT millions	% of GDP
<b>Fuel, total</b>	<b>4,691.5</b>	<b>1.45</b>
Losses (80%) Feb/08-Jun/09; losses (100%) Jul-Nov 09	2,486.1	0.77
Losses (100%) Dec 2009	431.5	0.13
Losses 2010	1,179.8	0.36
Losses 2010	594.2	0.18
<b>Other Subsidies</b>	<b>567.5</b>	<b>0.18</b>
Flour and bread	55.1	-0.02
Public enterprises	512.4	0.16

Source: Directorate of the Treasury, Ministry of Finance.

<sup>133</sup> IMF (2010a).

232. Community Development (*Desenvolvimento Comunitário*) – INAS. The Community Development Program managed by INAS aims to promote socioeconomic development in local communities by supporting households and individuals that are living in absolute poverty. In addition, the program seeks to construct and maintain minor community infrastructure (for example, classrooms, health facilities, and water points). In 2010, the program executed 19 projects that benefitted 49,852 people at a cost of MT 18.6 million. However, INAS has identified some problems with the program including a lack of resources to carry out inspections and monitoring, a lack of impact evaluations, and the complexity involved in the coordinating the activities of the program without adequate staff and expertise. INAS has suspended the implementation of this program in 2011 pending a thorough review of its program portfolio.

233. Risk Reduction – INGC/WFP. In 2010, the GOM through the National Institute for the Management of Natural Disasters (INGC) continued to implement the Master Plan for the Management, Prevention, and Mitigation of Natural Disasters (*Plano Director de Gestão de Prevenção e Mitigação das Calamidades*). This plan seeks to: (i) reduce the country's vulnerability to natural disasters; (ii) guarantee a rapid response to emergency situations and post-disaster reconstruction; and (iii) promote the reintegration into society of those who are adversely affected. In 2010, there was no major disaster so the INGC continued to support victims of previous disasters (the 2007 and 2008 Zambezi and Save river floods) and poor families in situation of food insecurity with the support of the WFP.<sup>134</sup>

234. The Reduction of Risks and Emergency Readiness (*Fortalecimento da Redução de Riscos de Calamidades e da Prontidão para Emergência*). This is a joint UN program initiated in 2008 that aims to strengthen Mozambique's capacity to mitigate the humanitarian impact of emergencies on vulnerable populations. The program focuses on strengthening institutional frameworks and systems for disaster preparedness, response, and disaster risk

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<sup>134</sup> Republic of Mozambique (2011).

reduction at the national, provincial, district, and community levels. It supports the GOM in mainstreaming disaster management plans and policies and in developing and promoting cross-sectoral dialogue. The WFP is: (i) supporting the provision and installation of telecommunications equipment in the regional centers and training of workers to operate it; (ii) providing support to the Eduardo Mondlane University to carry out the mapping and identification of risk assessment capabilities in the INGC; (iii) facilitating the involvement of rural communities in the implementation of disaster mitigation activities in selected areas, particularly districts in the southern provinces that are susceptible to cyclical droughts. These activities include the conservation of agriculture, small-scale irrigation projects, and the increased adoption of grain or crops that are tolerant to droughts and disease and pest-resistant. Many activities are carried out through food-for-work schemes in which labor comes from the community itself.<sup>135</sup> In 2010, 4,000 households participated in the program, and the overall cost of the program was MT 109.5 million.

235. Protection and Promotion of Livelihoods (*Promoção e Protecção de Médios de Vida*). This program, which was initiated in the mid-1970s, is implemented by the WFP and aims to prevent and mitigate natural disasters and reduce the impact of climate change. It focuses on the arid areas prone to natural disasters and areas of food insecurity in accordance with the directives of SETSAN. It is a food-for-work program that helps communities to build small dams, irrigation schemes, access roads, bridges, classrooms, and waiting houses for pregnant women. The program covers 400 to 800 households per district. The INGC targets those districts that contain the most vulnerable populations. The beneficiaries remain in the program for six to eight months.

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<sup>135</sup> Information received directly from the WFP (questionnaire).

236. Climate Change Adaptation (Programa Conjunto da Nações Unidas em Valorização Ambiental e Adaptação às Mudanças Climáticas em Moçambique). This program is implemented with WFP support. It aims to reduce the risk that climate change will adversely affect vulnerable areas by incorporating environmental aspects in programs and plans at the central and local levels. It further aims to increase the adaptability of communities by strengthening the mechanisms of management and diversification of their way of life. It focuses on the region along the Limpopo basin, with an emphasis on the Chicualacuala district (arid and semi-arid) in the Gaza province. The WFP is: (i) providing expertise and leadership in the area of disaster management and vulnerability mapping; (ii) leading the process of analyzing vulnerability and compiling an information base about food security; and (iii) supporting disaster risk analysis and mapping. Most of the activities are being executed through food-for-work schemes. It is expected to reach 1,000 households per year and to provide food for work for nine months. The overall cost of the program is expected to be US\$7 million over a three-year period.

237. In sum, Mozambique has a large number of social protection programs that seek to address all of the major risks that we identified in Chapter II. However, there is fragmentation among programs and some duplication while at the same time there are some important program gaps. These issues are further discussed in Chapter IV.



## **Chapter 4: Assessment of the Social Protection System**

238. In this section, we assess Mozambique's social protection system, focusing on spending and budget arrangements; coverage, gaps, and overlaps; generosity; targeting and selection mechanisms; cost-effectiveness; institutional and coordination arrangements; monitoring and evaluation; and sustainability.

### **A. Spending and Budget Arrangements**

239. In view of the drop in external financing and the large responsibilities assumed with fuel subsidies, the GOM was forced to cut back on the budgets of the Ministry of Education, the Ministry of Health, and the MMAS in 2010. However, INAS's expenditures were increased as the governments of the Netherlands and the UK began supporting the PSA. Here we briefly review expenditures on education, health, and social protection (SP) and existing arrangements for budget execution. Mozambique's social protection (SP) spending is benchmarked against its neighboring countries and we analyze the allocation of SP expenditures by age groups, SP spending according to the GOM's three SP pillars (basic, compulsory, and complementary social security) and its sources of funding, and spending according to the World Bank SP classification.

Table 4.1: Mozambique - Population at Risk, Program Coverage, and Cost, 2010

Age Group/Risk/ Indicator	Population/Households at Risk	Programs	Coverage	Cost (MT 000)
<b>0- 5 years old</b>	Pop:4,893,822 (M: 2,436,634; F: 2,457,188) Q1: 24.4%; Q1+Q2:48%	Child Health and Nutrition (MISAU/UNICEF) (EOE) -Micronutrients Vitamin A -Micronutrients Vitamin A -Iron/ Folic Acid -Deworming -Nutrition Rehabilitation Program (MISAU/WFP)	- - 4 million under 5 1.2 million post-part 1.4 million women 3.5 million under 5 84,309 ambulatory/ 13,806 resident	248,822 - - - - - -
<u>Poor Maternal and Infant Care</u>				
Low birth weight	16% newborns (MICS 2008)			
Infant mortality rate	107 per thousand (MICS 2008)			
Under five mortality rate	157 per thousand (MICS 2008)			
Maternal mortality rate	408 per 100,000 live births (DHS 2003)			
<u>Lack of Physical, Socio-emotional, and Cognitive Development</u>				
Malnutrition (< 5 years)	Chronic 43.7% 1,722,573 children (917,809 boys; 804,764 girls)	Social Units for Young Children OVC (INAS) Kinder ( <i>Centros Infantis e Escolinha</i> ) (MMAS)	574 69,312	6,073 -
Lack of early stimulation	Children not in school readiness activities 69% 2,723,164 children (1,388,480 boys; 1,334,684 girls)			
<u>Lack of birth registration</u>				
Number of children without	69% : 2,723,459 children (1,353,180 boys and 1,370,275 girls)	National Birth Registration Plan (DNRN/ MINJUS/ Holland/UNICEF)	campaign 42 rural districts 699,622	- 24,201 Sub-total: 279,096

Age Group/Risk/ Indicator	Population/Households at Risk	Programs	Coverage	Cost (MT 000)
<b>6-17 years old</b>	Pop:7,164,953 (M: 3,546,545; F: 3,616,408)	Direct Support to Schools (ME/EOE)	5.2 million children	608,093
<u>Low Primary Enrollment and achievement</u>	Q1: 22.3%; Q1+Q2:43%	School Books (1-7 grades, ME) (EOE)	14.2 million books	680,196
Low school attendance (6-12)	7.5% not in school 343,239 (112,043 boys and 232,196 girls)	School Feeding (ME/PMA) (EOE)	421,034 children	300,089
Low student achievement	Reading skills have fallen 40 points and math 46 points from 2000 to 2007 (SEACMEQ 2010)	Child-Friendly Schools (UNICEF)	370,000	127,305
<u>Low Secondary Enrollment and achievement</u>				
Low school attendance (13-17)	35.8% or 944,164 not in school (396,774 boys; 547,390 girls)			
Low student achievement	40.7% age 10-14 and 53.6% age 15-19 have failed a grade (MICS 2008)			
<b>6-17 years old (continuation)</b>				
<u>Vulnerable Children/Teens</u>	17.1% or 2,061,866 OVC (1,035,090 boys; 1,026,776 girls)	Action Plan for OVC (UNICEF)	252,258 OVC	40,300
OVC due AIDS(0-17)	65,000 cases reported in 2010 (MINT)	PEPFAR (USAID/NGOs)	242,000 OVC	
	12,767 institutional care (MMAS data)	Support to OVC (MMAS/WFP)	48,937 children	315,177
Abused/Abandoned children	22% 1,381,036 (635,057 boys; 745,979 girls)	Prevention and Combat to HIV/SIDA (ME/EOE)	-	-
Child labor (5-14)			N/A	147,542
Children with disabilities (2-9)	13.5% (6.2 million) with at least one disability	Children with Disabilities (MMAS)	2,834 children	-
		Special Education (ME)	74,000 in school	-
Sexual Exploitation of Children	Estimated that 1,000 women and children are trafficked annually	Prevention and Response to Violence Against Children (UNICEF)	-	-
Trafficking			N/A	9,138
Teen pregnancies and early marriage	41% (15-19) have a child or are pregnant (DHS 2003); 17.4% ( 20–24) married before 15; Fertility rate (15-19) 193 (MICS)	Prevention of Child Trafficking (Save the Children)	-	-
			N/A	900
				Sub-total: 2,228,740

Age Group/Risk/ Indicator	Population/Households at Risk	Programs	Coverage	Cost (MT 000)
<b>18-24 years old</b> <u>Vulnerable Youth</u> Jobless Children in conflict with the law	Pop: 2,458,282 (M: 1,132,285; F: 1,325,997) Q1: 18.7%; Q1+Q2: 36.1% N/A 35% total prison populat.(16–21) (MINJUS)	Institute for Study Grants (ME) (EOE) Other Scholarships (EOE) Youth Initiatives Fund (MJD) Geração Biz (MJD/ME/MINSAU/ UNFPA)	1200 interns/ 1000 external N/A 139 projects (2006- 10) 54,000 in/out school	180,851 303,300 7,000 8,320 Subtotal: 499,471
<b>25-59 years old</b> <u>Low and unstable Income</u> Working poor (15+) <u>Lack of Human Capital</u> High level of illiteracy (15+) Low skills <u>Subsistence farmers</u> Lack of access to productive services and markets	Pop: 6,854,055 (M: 3,198,709; F: 3,655,346) Q1: 22.2%; Q1+Q2:43.9% 46% of those working in Q1 and Q2 (4.2 million) 48.1% or 5.9 million (31.4% man; 62.7% women) (MICS 2008) 3.7 million small farms (TIA 2008) 97% farmers no productivity enhancing technologies; 92% farms no TA 94% farmers no access to credit	Income Generation (INAS) Social Benefit for Work (INAS)  Adult Education (ME) INEFP (EOE)  Agricultural input vouchers (IFDC/USAID/FAO/EU)	12,072 persons 4,029 persons  1.1 million 52,539 placements 8,555 trained  20,626 (2009/10)	39,470 27,249  - 23,617  42,916 Sub-total: 133,252
<b>60 years and older</b> <u>Lack of Income</u> No pension (60+)	Pop: 1,045,796 (M: 485,111; F: 560,658) Q1: 29.2%; Q1+Q2: 47.6% 88.2% or 900,000	Social Security Institute (INSS) (2009) Civil Servants Pensions (MOF) Military Pensions (MOF) Food Subsidy Program (PSA) (INAS) Social Service Institutions and Old Age Homes (INAS)	13,773 34,293 75,923 454,134 835	689,773 1,534,000 4,112,200 389,140 7,630 Sub-total: 6,732,743

Age Group/Risk/ Indicator	Population/Households at Risk	Programs	Coverage	Cost (MT 000)
<b>Households in General</b>	HH: 4,611,545 Pop: 22,416,881 (M: 10,799,284; F: 11,617,597)	Direct Social Assistance (INAS) MMSA/INAS Other Services Other Transfers	26,628 N/A N/A	58,599 338,397 590,975
<u>Poverty</u> Incidence of poverty Low life expectancy	Q1: 22.7%; Q1+Q2: 43.8% 44 years			
<u>Lack of Access to Health and increasing HIV/AIDS:</u> Lack of Access to quality health HIV/AIDS incidence	1/3 of those who got sick did not visit facility 1.2 million (15-49). 500,000 adults in need of ART 7% or 1.5 million (Q1 10%; World Bank 2008)	National AIDS Council HIV and AIDS Program (PMTCT) (MISAU) Basic Food Basket for People in ART (ART/MISAU) Support to People with Chronic Illnesses (WFP)	168,000 ART 32,676 ART pregnant 3,500 persons 30,000 persons	252,619 - - -
<u>Person with Disabilities</u> Disability Incidence	63% of female headed HH below poverty line (2002/03)	Social Units for the Handicap (INAS)	303 4,500	1,868 28,548
<u>Domestic violence and gender discrimination</u> Poor women head of HH	57% or 2,628,581 81% or 3,721,517	Women Entrepreneurship (MMAS/ADB) (EOE)	- -	- -
<u>Lack of Basic Services</u> HH without improved water HH without improved sanitation HH without electricity	88% or 4,071,778	Fuel Subsidies (EOE) Other Subsidies (EOE) Community Development (INAS)	49,852 4,000 HH 400-800 HH/ per district	4,691,500 567,500 18,647 109,560
<u>Natural Disasters/Climate change</u>		Risk Reduction (INGC/WFP) Reduction of Risks and Emergency Readiness (INGC/ WFP) Climate Change Adaptation (INGC /WFP)	1,000 HH	76,360 Subtotal: 6,734,573
			Total SA: MT 10,271,902 Total SI: MT 6,335,973	

## 1. Social Expenditures

240. In 2010, the GOM spent 6.3 percent of GDP on education, down from 6.6 percent in 2009. However, this was still higher than the average of 5 percent of GDP for all the developing countries of Sub-Saharan (Table 4.2).<sup>136</sup> According to the Reports on the Execution of the State Budget for 2008, 2009 and 2010, total education spending (consolidated for all levels of government) corresponds to one-fifth of overall public spending.<sup>137</sup> About 21 percent of education spending was financed from external sources in 2010, a decline from 30 percent in 2008. Between 2008 and 2010, the absolute amount of external financing remained almost flat, and financing from domestic sources increased by 170 percent.<sup>138</sup> External financing includes all programs financed with external resources that are classified as investments. These investment programs include subsidies for those working on literacy campaigns and support for education supervision, teacher training, and institutional building. While the average execution during the last two years of recurrent expenditures and local financing was 99 percent and 94 percent respectively, the execution of external financing was only 69 percent. This shortfall in external execution contributed to an overall execution rate of 89 percent.

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<sup>136</sup> World Bank's World Development Indicators.

<sup>137</sup> The only reports available in the MOF web page are the Reports of the Execution of the Budget (*Relatórios da Execução do Orçamento do Estado*) prepared by the MOF for the years 2008, 2009, and 2010 (Ministry of Finance, 2008, 2009, 2010). The General Accounts of the State (*Conta Geral do Estado*), the audited report prepared by Administrative Court (*Tribunal Administrativo*), are only available for 2007.

<sup>138</sup> Note that this analysis focuses only on resources given directly to the sector and does not take into consideration general budgetary support.

Table 4.2: Public Education Expenditures and Financing, 2008-2010, (MT millions)

	2008			2009			2010			Change 2010/08 EOE
	OE	EOE	%	OE	EOE	%	OE	EOE	%	
<b>Education, Total</b>	<b>16018</b>	<b>14029</b>	100	<b>19733</b>	<b>17888</b>	100	<b>23034</b>	<b>20328</b>	100	<b>45</b>
Recurrent	9317	9301	66.3	11362	11352	63.5	14954	14554	71.6	56
Investment	6701	4728	33.7	8371	6536	36.5	8080	5774	28.4	22
Local financing	629	535	3.8	1967	1965	11.0	1505	1450	7.1	171
External financing	6072	4193	29.9	6404	4571	25.6	6575	4324	21.3	3
<b>Memo:</b>										
GDP (MT 10 <sup>6</sup> )		240358			269213			324000		
Public Expend (MT 10 <sup>6</sup> )		64201			78966			100804		
External finance/Total (%)	37.9	29.9		32.5	25.6		28.5	21.3		
Educ./Total Expend. (%)	19.6	21.9		21.6	22.7		19.6	20.2		
% of GDP		5.8			6.6			6.3		

Source: Ministry of Finance (2008, 2009, 2010).

Note: OE = GOM Budget, EOC = Executed budget.

241. Table 4.3 shows the distribution of education expenditures by level of education. Unfortunately, three-quarters of total expenditures are not assigned to a particular level of education in the Report on the Execution of the Budget. It can be assumed that most of this unassigned amount was used to pay teachers' salaries.<sup>139</sup> However information on the execution of the budget of the Priority Programs (Table VI) indicates that the share of higher education in total education spending increased from 12.9 percent in 2008 to 17 percent in 2010, while the share of general education declined from 87.1 percent to 83 percent. Table 4.3 shows that the fastest growing budgets were those for secondary and preprimary education though from lower bases than the primary and tertiary levels. For all levels of education, the execution of recurrent expenditures was 100 percent, the execution of local financing was over 90 percent of the budgeted amounts, while the execution of external financing was only between 60 and 76 percent of the amount budgeted. Of total external resources, 32 percent financed primary education, 13 percent financed secondary, 6

<sup>139</sup> Of the total amount *not* assigned to a specific level, 90 percent was recurrent spending and 10 percent was investment, of which about one-third was financed by external sources. Since in most education systems, teachers' salaries constitute the bulk of recurrent costs and the allocations in the table for primary and secondary education show relatively low recurrent costs, it is reasonable to conclude that most of these funds were used to pay for teacher's salaries.

percent financed tertiary, 1 percent financed pre-primary, and 47 percent financed “other expenditures.” While most (91 percent) of pre-primary education expenditure in 2008 and 2009 was financed by external sources, in 2010 external resources financed less than one-third of total expenditures. At the primary level, most (95 percent) of the overall expenditure was financed from external sources in 2010 and 2008, though in 2009, financing was evenly divided between local and external sources. At the secondary level, again most of the expenditures (92 percent) were financed by external sources between 2008 and 2010. Finally at the tertiary level, three-quarters of the expenditures were financed by local resources.



Table 4.3: Allocation of Education Spending by Level, 2008-2010, (MT million)

	2008			2009			2010			Change 2010/08 EOE
	OE	EOE	%	OE	EOE	%	OE	EOE	%	
<b>Education, Total</b>	<b>16018</b>	<b>14029</b>	<b>100.0</b>	<b>19733</b>	<b>17888</b>	<b>100.0</b>	<b>23034</b>	<b>20328</b>	<b>100.0</b>	<b>44.9</b>
<b>Pre-primary</b>	<b>106</b>	<b>106</b>	<b>0.8</b>	<b>91</b>	<b>43</b>	<b>0.2</b>	<b>238</b>	<b>190</b>	<b>0.9</b>	<b>79.2</b>
Recurrent	0	0	0.0	0	0	0.0	0	0	0.0	0.0
Investment	106	106	0.8	91	43	0.2	238	190	0.9	79.2
Local financing	10	10	0.1	20	20	0.1	145	145	0.7	1350.0
External financing	96	96	0.7	71	23	0.1	93	45	0.2	-53.1
<b>Primary</b>	<b>1907</b>	<b>1468</b>	<b>10.5</b>	<b>3501</b>	<b>2795</b>	<b>15.6</b>	<b>1783</b>	<b>1535</b>	<b>7.6</b>	<b>4.6</b>
Recurrent	17	17	0.1	57	57	0.3	43	43	0.2	152.9
Investment	1890	1451	10.3	3444	2738	15.3	1740	1492	7.3	2.8
Local financing	45	43	0.3	1363	1363	7.6	35	35	0.2	-18.6
External financing	1845	1408	10.0	2081	1375	7.7	1705	1457	7.2	3.5
<b>Secondary (General)</b>	<b>812</b>	<b>383</b>	<b>2.7</b>	<b>1126</b>	<b>840</b>	<b>4.7</b>	<b>1021</b>	<b>697</b>	<b>3.4</b>	<b>82.0</b>
Recurrent	1	1	0.0	1	1	0.0	2	2	0.0	100.0
Investment	811	382	2.7	1125	839	4.7	1019	695	3.4	81.9
Local financing	44	43	0.3	35	35	0.2	66	66	0.3	53.5
External financing	767	339	2.4	1090	804	4.5	953	629	3.1	85.5
<b>Higher a/</b>	<b>2179</b>	<b>1962</b>	<b>14.0</b>	<b>2242</b>	<b>2155</b>	<b>12.0</b>	<b>3214</b>	<b>2783</b>	<b>13.7</b>	<b>41.8</b>
Recurrent	1357	1344	9.6	1586	1585	8.9	2344	2125	10.5	58.1
Investment	822	618	4.4	656	570	3.2	870	658	3.2	6.5
Local financing	268	235	1.7	305	305	1.7	594	556	2.7	136.6
External financing	554	383	2.7	351	265	1.5	276	102	0.5	-73.4
<b>Other</b>	<b>11014</b>	<b>10110</b>	<b>72.1</b>	<b>12773</b>	<b>12055</b>	<b>67.4</b>	<b>16778</b>	<b>15123</b>	<b>74.4</b>	<b>49.6</b>
Recurrent	7942	7939	56.6	9718	9709	54.3	12565	12384	60.9	56.0
Investment	3072	2171	15.5	3055	2346	13.1	4213	2739	13.5	26.2
Local financing	262	204	1.5	244	242	1.4	665	648	3.2	217.6
External financing	2810	1967	14.0	2811	2104	11.8	3548	2091	10.3	6.3

Source: Ministry of Finance (2008, 2009, 2010).

Notes: OE = GOM Budget;

EOC = Executed budget.

a/ Graduate, post-graduate and higher education (*Graduação, pós graduação e ensino superior n.e.*).

242. Public health expenditures (consolidated for all levels of government) as a share of GDP in Mozambique declined from 3 percent in 2008 to 2.9 percent in 2009, and to 2.5 percent in 2010 (Table 4.4). They are now lower than the average of 2.6 percent of GDP for the developing countries of Sub-Saharan Africa.<sup>140</sup> Within total health expenditures, 3

<sup>140</sup> It is reported that an important share of project financing remains off-budget. See UNICEF (2011), p. 81.

percent financed HIV/AIDS programs (*Conselho Nacional Combate a HIV/SIDA*) and the other 97 percent financed the Ministry of Health's programs. The budget of the National Council to Combat AIDS (CNCS) has been cut in half since 2008 because of a sharp drop in external financing. The Ministry of Health and CNCS budgets combined constitute only 8 percent of total public spending. About 40 percent of health spending was financed from external sources in 2010, down from 54 percent in 2008. Indeed between 2008 and 2010 the absolute amount of external financing declined by 15 percent, while domestic finance increased by 58 percent.<sup>141</sup> Similarly to the situation in the education sector, while 99 percent and 97 percent of recurrent expenditures and local financing were executed on average during the last three years, the execution of external financing was only 60 percent of the amount budgeted. The shortfall in external execution contributed to an overall execution rate of 74 percent, though budget execution has been improving in recent years.

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<sup>141</sup> Note that this analysis focuses only on resources given directly to the sector and does not take into consideration general budgetary support.

Table 4.4: Public Health Expenditures, 2008-10, (MT million)

	2008			2009			2010			Change % 2010/08 EOE
	OE	EOE	%	OE	EOE	%	OE	EOE	%	
<b>Total Health</b>	<b>10845</b>	<b>7259</b>	100	<b>11273</b>	<b>7930</b>	100	<b>9472</b>	<b>8087</b>	100	<b>11</b>
Recurrent	3207	3130	43.1	3421	3411	43.0	4452	4412	54.6	41
Investment	7638	4129	56.9	7852	4519	57.0	5020	3675	45.4	-11
Local financing	257	235	3.2	270	270	3.4	375	372	4.6	58
External financing	7381	3894	53.6	7582	4249	53.6	4645	3302	40.8	-15
<b>Ministry of Health</b>	<b>10210</b>	<b>6762</b>	93.2	<b>10690</b>	<b>7610</b>	96.0	<b>9268</b>	<b>7834</b>	96.9	<b>16</b>
Recurrent	3207	3130	43.1	3421	3411	43.0	4452	4412	54.6	41
Investment	7003	3632	50.0	7269	4199	53.0	4816	3422	42.3	-6
Local financing	202	180	2.5	211	211	2.7	312	309	3.8	72
External financing	6801	3452	47.6	7058	3988	50.3	4504	3113	38.5	-10
<b>HIV/AIDS (CNCS)</b>	<b>635</b>	<b>497</b>	6.8	<b>583</b>	<b>320</b>	4.0	<b>204</b>	<b>253</b>	3.1	<b>-49</b>
Recurrent	0	0	0.0	0	0	0.0	0	0	0.0	
Investment	635	497	6.8	583	320	4.0	204	253	3.1	-49
Local financing	55	55	0.8	59	59	0.7	63	63	0.8	15
External financing a/	580	442	6.1	524	261	3.3	141	189	2.3	-57
<b>Memo:</b>										
GDP (MT 10 <sup>6</sup> )		240358			269213			324000		
Public Expend (MT 10 <sup>6</sup> )		64201			78966			100804		
External financing/Total (%)	68.1	53.6		67.3	53.6		49.0	40.8		
Health/ Total Expend. (%)		11.3	.		10.0	.		8.0		
% of GDP		3.0			2.9			2.5		

Source: Ministry of Finance (2008, 2009, and 2010)

Notes: OE=GOM Budget;

EOC = Executed budget.

a/ Adjusted for expenditures paid pending of incorporating into accounts (EOE Table V-4).

243. Table 4.5 presents the distribution of health expenditures by level of medical care. Public health absorbs 35 percent of total Ministry of Health expenditures, general and specialized hospitals absorb 16 percent, and the remaining 48 percent is not allocated to any health level in the Report of Budgetary Execution. The overall share of public health declined from 44 percent in 2008 to 35 percent in 2010, while the share of hospitals and “others” has been increasing. Indeed, the budget of public health declined by 8 percent between 2008 and 2010, while the budget of general and specialized hospitals increased by 61 percent and 26 percent respectively during the same period. The budget for public health is financed almost 50/50 by external and local resources, while 88 percent of the general hospital budget is financed by local resources and 12 percent from external sources, and 99 percent of the specialized hospital budget is financed by local sources and 1 percent from external sources. Of total external financing for the health budget received during the last three years, 35 percent was allocated to public health, 63 percent to “other,” and about 2 percent to hospitals. The execution of the budget for the different levels is once again mostly a function of the execution of external finance. Total budget execution ranged from 75 percent for public health to 99 percent for specialized hospitals and, in general, it has been improving.

Table 4.5: Ministry of Health Expenditure by Level, 2008-10, (MT million)

	2008			2009			2010			Change % 2010/08 EOE
	OE	EOE	%	OE	EOE	%	OE	EOE	%	
<b>Ministry of Health</b>	<b>10210</b>	<b>6762</b>	100.0	<b>10690</b>	<b>7610</b>	100.0	<b>9268</b>	<b>7834</b>	100.0	<b>16</b>
<b>Public health</b>	<b>4023</b>	<b>2958</b>	43.7	<b>3633</b>	<b>2721</b>	35.8	<b>3642</b>	<b>2716</b>	34.7	<b>-8</b>
Recurrent	1488	1476	21.8	1123	1120	14.7	1484	1464	18.7	-1
Investment	2535	1482	21.9	2510	1601	21.0	2158	1252	16.0	-16
Local financing	137	130	1.9	90	89	1.2	150	149	1.9	15
External financing	2398	1352	20.0	2420	1512	19.9	2008	1103	14.1	-18
<b>General hospitals</b>	<b>1394</b>	<b>328</b>	4.9	<b>664</b>	<b>493</b>	6.5	<b>553</b>	<b>527</b>	6.7	<b>61</b>
Recurrent	352	299	4.4	342	342	4.5	491	484	6.2	62
Investment	1042	29	0.4	322	151	2.0	62	43	0.5	48
Local financing	27	15	0.2	19	18	0.2	22	22	0.3	47
External financing	1015	14	0.2	303	133	1.7	40	21	0.3	50
<b>Specialized hospitals</b>	<b>697</b>	<b>636</b>	9.4	<b>755</b>	<b>650</b>	8.5	<b>807</b>	<b>801</b>	10.2	<b>26</b>
Recurrent	632	627	9.3	644	643	8.4	766	760	9.7	21
Investment	65	9	0.1	111	7	0.1	41	41	0.5	356
Local financing	61	5	0.1	6	6	0.1	21	21	0.3	320
External financing	4	4	0.1	105	1	0.0	20	20	0.3	400
<b>Other</b>	<b>4096</b>	<b>2840</b>	42.0	<b>5638</b>	<b>3746</b>	49.2	<b>4266</b>	<b>3790</b>	48.4	<b>33</b>

Source: Ministry of Finance (2008, 2009, 2010).

Notes: OE = GOM Budget;

EOC = Executed budget.

a/ Includes expenditures pending liquidation or incorporation (DPL).

244. Public expenditure in social safety nets in Mozambique is relatively low, but there is significant scope to improve the effectiveness of current spending. The national budget expenditure for social protection accounted for 2.8 percent of the GDP in 2010, from which about 0.7 percentage points correspond to social assistance programs (mostly non-contributory transfers) and more than 2 percent are pensions. This figure excludes programs financed by development partners, and other social assistance interventions under the education and health sectors. If these expenditures were taken into account, social protection would reach about 3.8 percent of the GDP in 2010. Social assistance would count for 1.8 percent which, compared with other African countries, is still relatively low

when compare with neighbor countries. These figures exclude fuel and other subsidies, estimated in about 1 percent of the GDP in 2010.

245. The budgets and executed expenditures for 2008 to 2010 for the MMAS and INAS are summarized in Table 4.6. It shows the expenditures at the central, provincial, and local levels including INAS's programs (PASD, PBST, PGR, DC, and *Unidades Sociais*).<sup>142</sup> During this period, the consolidated expenditures represented about 1.3 percent of total GOM expenditures and 0.4 percent of GDP. INAS represents about two-thirds of the combined expenditures of INAS and the MMAS (including programs).

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<sup>142</sup> In the case of MMAS, this includes the Provincial Directorate of Women and Social Action (*Direcção Provincial da Mulher e da Acção Social*) and in the case of the INAS, it includes its Provincial Offices or Delegations (*Delegações Provinciais*). INAS programs are shown separately in the table because they are budgeted as part of the Government Transfer to Families under General State Obligations (*Encargos Gerais do Estado*).

Table 4.6: MMAS and INAS Institutional and Program Spending, 2005-2010 (MT 000)

	2008			2009			2010			Change % 2010/08 EO
	OE	EO	%	OE	EO	%	OE	EO	%	
<b>Overall Total</b>	<b>821800</b>	<b>877920</b>	<b>100.0</b>	<b>878949</b>	<b>1119259</b>	<b>100.0</b>	<b>1229772</b>	<b>1070839</b>	<b>100.0</b>	<b>22</b>
Institutions	441838	590846	67.3	410033	608242	54.3	705995	713894	66.7	21
Recurrent	281354	253940	28.9	370099	223612	20.0	303678	338397	31.6	33
Investment	160484	336906	38.4	39934	384630	34.4	402317	375497	35.1	11
Local Financing	43510	113989	13.0	28789	65998	5.9	61299	53516	5.0	-53
External Financing a/	116974	222817	25.4	11145	318632	28.5	341017	307720	28.7	38
<b>MMAS b/</b>	<b>351757</b>	<b>455804</b>	<b>51.9</b>	<b>244879</b>	<b>428235</b>	<b>38.3</b>	<b>460923</b>	<b>327246</b>	<b>30.6</b>	<b>-28</b>
Recurrent	196361	176193	20.1	210800	186273	16.6	206051	209976	19.6	19
Investment	155396	279611	31.8	34079	241962	21.6	254872	117270	11.0	-58
Local Financing	38422	110870	12.6	24264	60072	5.4	36647	35676	3.3	-68
External Financing	116974	168641	19.2	9815	181890	16.3	218225	81594	7.6	-52
(Women Entrepreneurship)							30695	28548		
(Children in Difficult Situation)							38344	40300		
<b>INAS b/</b>	<b>90081</b>	<b>135042</b>	<b>15.4</b>	<b>165154</b>	<b>180007</b>	<b>16.1</b>	<b>245072</b>	<b>386648</b>	<b>36.1</b>	<b>186</b>
Recurrent	84993	77747	8.9	159299	37339	3.3	97627	128421	12.0	65
Investment	5088	57295	6.5	5855	142668	12.7	147445	258227	24.1	351
Local Financing	5088	3119	0.4	4525	5926	0.5	24652	17840	1.7	472
External Financing a/	0	54176	6.2	1330	136742	12.2	122792	226126	21.1	317
(PSA-DFID/Holland)							118612	191731		
(Other DFID/Holland)							4180	34395		
<b>INAS Programs c/</b>	<b>379962</b>	<b>287074</b>	<b>32.7</b>	<b>468916</b>	<b>511017</b>	<b>45.7</b>	<b>523777</b>	<b>356945</b>	<b>33.3</b>	<b>24</b>
PSA (domestic financing)	198720	163,158	18.6	284832	378,300	33.8	315994	197409	18.4	21
PDC	23822	14,883	1.7	23771	15,295	1.4	25500	18647	1.7	25
PASD	64676	41,883	4.8	64027	47,972	4.3	74800	58599	5.5	40
PGR	44454	50,292	5.7	44454	52,592	4.7	51847	39470	3.7	-22
PBST	32866	16,858	1.9	34419	16,858	1.5	34836	27249	2.5	62
Social Units	15424		0.0	17413		0.0	20800	15571	1.5	
<b>Memo:</b>										
GDP (MT 10^6)		240358			269213			324000		
Public Exp (MT 10^6)		64201			78966			100804		
Over Total/Pub Expend (%)		1.4			1.4			1.1		
External/Overall total (%)	14.2	25.4		1.3	28.5		27.7	28.7		
Over total /GDP (%)		0.4			0.4			0.3		

Source: ILO (2011), Figures 73, 75 and Table V) and Report of the Execution of the Budget. The 2010 INAS program data are from INAS (2011).

Notes: OE = GOM Budget.

EOC = Executed budget.

a/ External finance is for institutional building and program/project financing at all levels of government. For INAS, it includes the external financing of PSA.

b/ Includes central, provincial and district expenditures.

c/ Domestic financing of INAS programs (included in Family Transfers).

246. The MMAS's executed budget has declined by 28 percent, from MT 456 million in 2008 to MT 327 million in 2010. Both local and external financing for "investment" (in other words, programs) declined by over 50 percent, while recurrent expenditures increased by 19 percent. In contrast, INAS's expenditures have more than doubled over the last three years, as the GOM increased the value of the transfer provided by the PSA and the program's coverage with the support of the Governments of the UK and the Netherlands. Indeed, the fastest growing expenditures were those of INAS's programs. In 2010, external finance represented 29 percent of total MMAS and INAS combined expenditures. In 2010 there was a large over-execution of the budget by INAS (158 percent) as the original budget underestimated the amount of external financing spent on the PSA. However, for all programs excluding the PSA, execution averaged only 76 percent of the amount budgeted. Of the PSA revised budget, which amounted to MT 521.9 million, only MT 389 million were executed or 75 percent.<sup>143</sup> This reflects the weak execution capacity of INAS's delegations.

247. Table 4.7 shows other transfers to families including support to ex-combatants, to patients for traveling to medical facilities, and to victims of disasters. These transfers are budgeted under General State Obligations (*Encargos Gerais do Estado*) and in 2010 they represented 0.6 percent of total government expenditures and 0.2 percent of GDP.

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<sup>143</sup> INAS (2011).



Table 4.7: Other Transfers to Families, 2008-2010 (MT 000)

	2008			2009			2010			Change % 2010/08 EOE
	OE	EO	%	OE	EO	%	OE	EO	%	
<b>Total</b>	<b>612733</b>	<b>673818</b>	<b>100</b>	<b>339135</b>	<b>585625</b>	<b>100</b>	<b>1353674</b>	<b>590975</b>	<b>100</b>	<b>-12</b>
<b>Central Social Expenditures, Totals</b>	<b>356420</b>	<b>590002</b>	<b>87.6</b>	<b>313258</b>	<b>470350</b>	<b>80.3</b>	<b>1140284</b>	<b>402478</b>	<b>68.1</b>	<b>-32</b>
Social Expenditures a/	0	133747	19.8	0	49149	8.4	0	0	0.0	
Other Transfers-Central b/	356420	456255	67.7	313258	421201	71.9	1140284	402478	68.1	-12
<b>Other transfers-Provincial a/</b>	<b>256313</b>	<b>83816</b>	<b>12.4</b>	<b>25877</b>	<b>115275</b>	<b>19.7</b>	<b>213390</b>	<b>188497</b>	<b>31.9</b>	<b>125</b>
<b>Memo:</b>										
Public Expend (MT 10 <sup>6</sup> )		64201			78966			100804		
GDP (MT 10 <sup>6</sup> )		240358			269213			324000		
Total/Total Pub Expen (%)		1.0			0.7			0.6		
Transfers /GDP (%)		0.3			0.2			0.2		

Source: ILO (2011), (Table V). Ministry of Finance (2010), (Table IV-1).

Note: OE = GOM Budget;

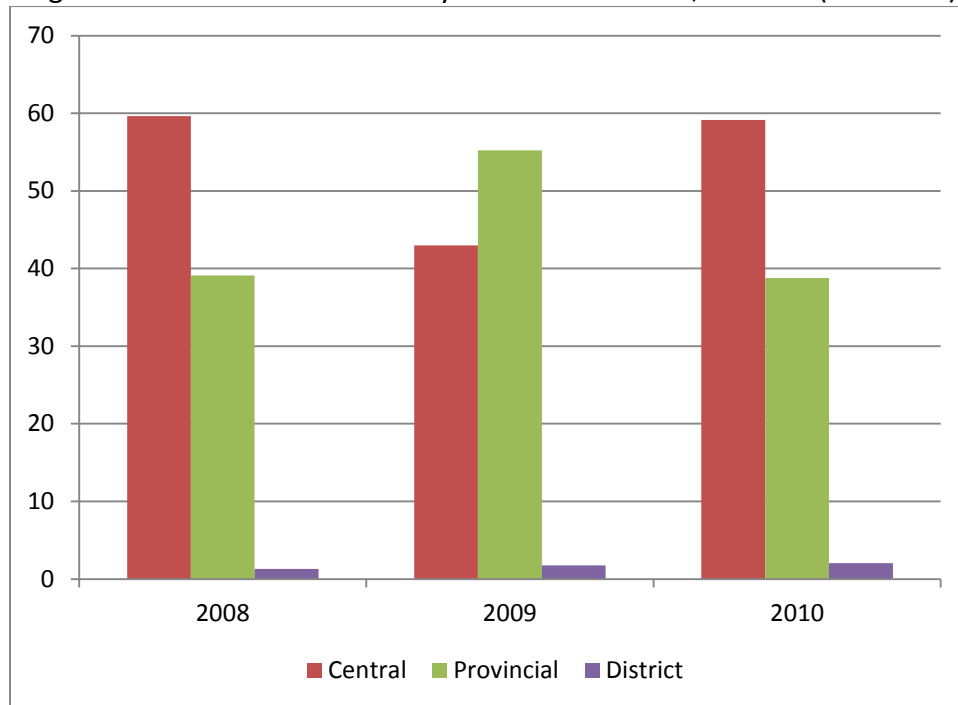
EOC = Executed budget.

a/ Excludes pensions and INAS programs.

b/ Excludes scholarships (*bolsa de estudo*) which are shown separately in Table 4.1.

248. Figure 4.1 shows the distribution of family transfers (excluding pensions) by level of government. It can be seen that in the last three years about 45 percent of the resources were distributed directly to the provinces and the remaining amount was managed at central level. The trend in Mozambique is to further decentralize resource management to the provincial and district level as the State Financial Administration System (*Sistema de Administração Financeira do Estado, SISTAFE*) is gradually expanding to all districts.

Figure 4.1: Transfer to Families by Government Level, 2008-10 (% of total)



Source: Ministry of Finance (2008, 2009, 2010), Table IV-1 (excluding pension payments).

249. The SISTAFE was created in 2002 (Law 9/2002 of February 12) and its regulations were approved in 2004 (Decree 23/2004 of August 20).<sup>144</sup> Provinces and districts operate as agencies of the central government ministries on a devolved basis. They are collectively referred to as local governments and operate under the local government laws and regulations, although they also fall under the remit of the SISTAFE. Since 2007, the computerized and integrated System of State Finance Administration, commonly known as “e-SISTAFE,” has been rolled out at district level. This allows for expenditures to be directly executed via the integrated budget, payment, and accounting system of e-SISTAFE. Payments are made according to the programming, commitment, liquidation, and payment steps and following the internal control procedures built into the system. Payments are made directly from the single treasury account and are accounted for in the e-SISTAFE.

<sup>144</sup> This and the next paragraph are based on Umarji et al (2010).

250. Since the implementation of e-SISTAFE, improvements have been seen in the following areas: (i) increased use of direct budget execution; (ii) the expansion of e-SISTAFE to the district level; (iii) a reduction in the use of commercial bank accounts; and (iv) the decentralization of payrolls beginning in 2008. A census of pension beneficiaries has also been performed.

## **2. Allocation of Resources by Age Group**

251. Table 4.8 presents the distribution of social protection spending by age group and the corresponding distribution of poverty. In 2010, fuel subsidies accounted for 28 percent and MOF pension plans for 34 percent of total social protection spending. The amount spent on the fuel subsidies was larger than the amount of SP spending on all the other age groups (0-59) combined. The over 60 age cohort absorbed 68 percent of total spending on all of the age groups, but it accounted only for 5.9 percent of the poor population (Q1). On the other hand, children (0 to 17 years) represented over 55 percent of the poor (Q1) and received only 25 percent of the spending on all of the age groups. Indeed, relatively little is spent on the 0 to 5 age cohort, which comprises 24 percent of the poor (those in the lowest quintile, Q1) but receives less than 3 percent of the amount that is spent on all of the age groups. This is an indication that programs for families with children may be underfinanced while spending on to programs for seniors is disproportionate. The MOF pension plans contribute greatly to this result. More importantly, the amount spent on pensions only benefit a selected group of people as over 88 percent of those aged over 60 receive no pension (900,000 people). Therefore, 47 percent of the social protection resources (excluding fuel subsidies) benefit 124,000 people aged over 60 who are better off than most other Mozambicans,<sup>145</sup> while the remaining 53 percent of SP resources are expected to benefit the remaining 22 million Mozambicans, half of whom are poor. Even if pensions are

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<sup>145</sup> Section V below shows that the average military or civil pension is equivalent to or higher than the total consumption of Q4 households, though it is also important to recall that there is not a very big difference between Q1 and Q4 consumption expenditures.

excluded from the over 60 age group and only social assistance programs are taken into consideration (see Table 4.8), this group still receives 11.2 percent of the resources allocated to all the age groups while accounting for only 5.9 percent of the poor (those in Q1). In contrast, the 0 to 5 age group receives only 7.9 percent of the resources but constitutes 23.5 percent of the poor.

Table 4.8: Distribution of Social Protection Spending by Age Group, 2010

	Spending MT million	%	% Total GOM Spending	% GDP	Without fuel subsidies ( MT million)				% Poor (Q1)	% Poor (Q1+Q2)
					Spending	%	Without Pensions	%		
0-5	279	1.7	0.3	0.1	279	2.8	279	7.9	23.5	24.3
6-17	2,229	13.4	2.2	0.7	2,229	22.6	2,229	63.0	32.0	31.7
18-24	499	3.0	0.5	0.2	499	5.1	499	14.1	9.0	9.0
25-59	133	0.8	0.1	0.0	133	1.3	133	3.8	29.5	30.9
60+	6,733	40.5	6.7	2.1	6,733	68.2	397	11.2	5.9	4.0
<b>Sub-total</b>	<b>9873</b>	<b>59.4</b>	<b>9.8</b>	<b>3.0</b>	<b>9873</b>	<b>100.0</b>	<b>3537</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Households	6,735	40.6	6.7	2.1	2043					
<b>Social Assistance</b>	<b>10,272</b>	<b>61.8</b>	<b>10.2</b>	<b>3.2</b>	<b>5580</b>					
(Fuel subsidies)	4,692	28.3	4.7	1.4						
<b>Social Insurance</b>	<b>6,336</b>	<b>38.2</b>	<b>6.3</b>	<b>2.0</b>	<b>6336</b>					
(MOF Pensions)	5,646	34.0	5.6	1.7	5646					
<b>Total</b>	<b>16,608</b>	<b>100.0</b>	<b>16.5</b>	<b>5.2</b>	<b>11916</b>					
Memo:										
Total GOM Expenditure	100,804		100.0		100804					
GDP	324,000			100.0	324000					

Source: Table 4.1 above.

252. In sum, Mozambique spends a significant amount of its resources on social protection. However, most of these resources are absorbed by MOF pension plans and fuel subsidies, neither of which benefits the poor. On the other hand, programs for children and youth seem to be relatively unattended. Available information suggests that spending on social assistance in Mozambique is lower than the average for the other Sub-Saharan African countries.

### 3. Spending and Financing by GOM's Social Protection Pillars

253. The distribution of social protection resources between the three pillars of the GOM's social protection framework is detailed in Table 4.9. As it can be seen, 30 percent of overall social protection spending is allocated to basic social security, 38.2 percent to compulsory social security (pensions), and the remaining 31.7 percent on subsidies (fuel, public enterprises, and bread). If subsidies are excluded, 44.2 percent is spent on basic social security and 55.8 percent on compulsory social security. Within basic social security, Direct Action programs absorb 35.6 percent of spending; Education Social Action, 43.9 percent; Health Social Action, 13.1 percent; and Productive Social Action, 7.4 percent.

254. External financing of social protection is shown in the last two columns of Table 4.9. These estimates should be viewed with caution since they do not take directly into account: (i) the overall external support to the GOM budget; (ii) the local resources that support the implementation of programs but could not be identified as part of the financing of individual programs/projects; and (iii) the external financing in kind or cash that is not recorded in the budget. The estimates indicate that external resources finance about two-thirds of basic social security, with 54 percent of external financing being allocated to Education Social Action, 19 percent to Direct Social Action, 19 percent to Health Social Action, and 8 percent to Productive Social Action. While external resources finance one-third of Direct Social Action, they finance two-thirds of Education Social Action, 90 percent of Health Social Action, and 69 percent of the Productive Social Action.

255. In sum, basic social protection is dependent on external financing for two-thirds of its financing. External resources finance one-third of Direct Social Action, two-thirds of Education Social Action, 90 percent of Health Social Action, and 69 percent of Productive Social Action.

Table 4.9: Social Protection Spending by GOM Intervention Pillars, 2010

	MT (000)	% Total	% without subsidies	External Financing	% External Financing
<b>Basic Social Security</b>	<b>5,012,902</b>	<b>30.2</b>	<b>44.2</b>	<b>3,090,145</b>	<b>61.6</b>
<b>Direct Social Action</b>	<b>1,782,398</b>	<b>10.7</b>	<b>15.7</b>	<b>581,447</b>	<b>32.6</b>
National Birth Registration Plan (DNRN/ MINJUS/ Holland/UNICEF)	24,201	0.1	0.2	24,201	100.0
Action Plan for OVC (UNICEF)	40,300	0.2	0.4	40,300	100.0
Support to OVC (MMAS/WFP)	315,177	1.9	2.8	315,177	100.0
Prevention and Response to Violence Against Children (UNICEF)	9,138	0.1	0.1	9,138	100.0
Prevention of Child Trafficking (Save the Children)	900	0.0	0.0	900	100.0
PSA (INAS)	389,140	2.3	3.4	191,731	49.3
Social Units- (INAS)	15,571	0.1	0.1	0	0.0
Direct Social Support (INAS)	58,599	0.4	0.5	0	0.0
MMSA/INAS others services (EOE)	338,397	2.0	3.0	0	0.0
Other transfers (EOE)	590,975	3.6	5.2	0	0.0
<b>Education Social Action</b>	<b>2,199,834</b>	<b>13.2</b>	<b>19.4</b>	<b>1,656,160</b>	<b>75.3</b>
Direct Support to Schools (ME/EOE)	608,093	3.7	5.4	548,570	90.2
School Books (1-7 grades, ME) (EOE)	680,196	4.1	6.0	680,196	100.0
School Feeding (ME/PMA) (EOE)	300,089	1.8	2.6	300,089	100.0
Child-Friendly Schools (UNICEF)	127,305	0.8	1.1	127,305	100.0
Institute for Study Grants (ME) (EOE)	180,851	1.1	1.6	0	0.0
Other Scholarships (EOE)	303,300	1.8	2.7	0	0.0
<b>Health Social Action</b>	<b>657,303</b>	<b>4.0</b>	<b>5.8</b>	<b>595,154</b>	<b>90.5</b>
Child Health and Nutrition (MISAU/UNICEF) (EOE)	248,822	1.5	2.2	248,822	100.0
National AIDS Council	252,619	1.5	2.2	190,470	75.4
HIV and AIDS Program (PMTCT) (MISAU)	147,542	0.9	1.3	147,542	100.0
<i>Geração Biz</i> (MJD/ME/MINSAU/UNFPA)	8,320	0.1	0.1	8,320	100.0
<b>Productive Social Action</b>	<b>373,367</b>	<b>2.2</b>	<b>3.3</b>	<b>257,384</b>	<b>68.9</b>
Youth Initiatives Fund (MJD)	7,000	0.0	0.1	0	0.0
INEFP (EOE)	23,617	0.1	0.2	0	0.0
Income Generation (INAS)	39,470	0.2	0.3	0	0.0
BSPT (INAS)	27,249	0.2	0.2	0	0.0
Community Development (INAS)	18,647	0.1	0.2	0	0.0
Women Entrepreneurship (MMAS/ADB) (EOE)	28,548	0.2	0.3	28,548	100.0
Agricultural Inputs vouchers (EU)	42,916	0.3	0.4	42,916	100.0
Risk Reduction (INGC/WFP)	109,560	0.7	1.0	109,560	100.0
Climate Change Adaptation (INGC /WFP)	76,360	0.5	0.7	76,360	100.0
<b>Compulsory Social Security</b>	<b>6,335,973</b>	<b>38.2</b>	<b>55.8</b>		
INSS (2009)	689,773	4.2	6.1		
Civil Servants Pensions (MOF)	1,534,000	9.2	13.5		
Military Pensions (MOF)	4,112,200	24.8	36.2		
<b>Fuel and other Subsidies</b>	<b>5,259,000</b>	<b>31.7</b>	<b>46.3</b>		
Fuel Subsidies (EOE)	4,691,500	28.2	41.3		
Other Subsidies (EOE)	567,500	3.4	5.0		
<b>Total</b>	<b>16,607,875</b>	<b>100.0</b>	<b>146.3</b>		
<b>Total minus subsidies</b>	<b>11,348,875</b>		<b>100.0</b>		

Sources: Ministry of Finance (2010), Tables 4.1 and 4.6 and information received from partners.

#### **4. Spending by the World Bank Classification**

256. The distribution of social protection expenditures according to the World Bank classification of SP programs is presented in Table 4.10. As it can be seen, 38.2 percent is allocated to pensions, 0.8 percent to active labor market programs, 56 percent to safety nets, and the remaining to 31.7 percent on subsidies.

Table 4.10: Social Protection Spending by World Bank Program Classification, 2010

	Spending (000)	% Total
<b>PENSION AND OTHER SOCIAL INSURANCE</b>	<b>6,335,974</b>	<b>38.2</b>
<b>Old Age a/</b>	<b>6,001,161</b>	<b>36.1</b>
INSS (2009)	354,961	2.1
Civil Servants Pensions (MOF)	1,534,000	9.2
Military Pensions (MOF)	4,112,200	24.8
<b>Survival - INSS (2009) a/</b>	<b>218,243</b>	<b>1.3</b>
<b>Sickness- INSS (2009)b/</b>	<b>88,224</b>	<b>0.5</b>
<b>Invalidity - INSS (2009)</b>	<b>28,345</b>	<b>0.2</b>
<b>LABOR MARKET PROGRAMS</b>	<b>125884</b>	<b>0.8</b>
<b>Unemployment</b>	<b>N/A</b>	<b>N/A</b>
<b>Active Labor Market Programs</b>	<b>125,884</b>	<b>0.8</b>
Youth Initiatives Fund (MJD)	7,000	0.0
INEFP (EOE)	23,617	0.1
Income Generation (INAS)	39,470	0.2
BSPT (INAS)	27,249	0.2
Women Entrepreneurship (MMAS/ADB) (EOE)	28,548	0.2
<b>SOCIAL SAFETY NET PROGRAMS</b>	<b>9,317,779</b>	<b>56.1</b>
<b>Cash and Near Cash Transfers</b>	<b>432,056</b>	<b>2.6</b>
PSA (INAS)	389,140	2.3
Agricultural Inputs vouchers (EU)	42,916	0.3
<b>Conditional Cash Transfers</b>	<b>N/A</b>	<b>N/A</b>
<b>In Kind Food Transfers</b>	<b>623,081</b>	<b>3.8</b>
Direct Social Support (INAS)	58,599	0.4
School Feeding (ME/PMA) (EOE)	300,089	1.8
Child Health and Nutrition (MISAU/UNICEF) (EOE)	248,822	1.5
Social Units- (INAS)	15,571	0.1
<b>Fee Waivers and Scholarships</b>	<b>1,772,440</b>	<b>10.7</b>
Direct Support to Schools (ME/EOE)	608,093	3.7
Institute for Study Grants (ME) (EOE)	180,851	1.1
Other Scholarships (EOE)	303,300	1.8
School Books (1-7 grades, ME) (EOE)	680,196	4.1
<b>Public Works</b>	<b>204,567</b>	<b>1.2</b>
Community Development (INAS)	18,647	0.1
Risk Reduction (INGC/WFP)	109,560	0.7
Climate Change Adaptation (INGC/WFP)	76,360	0.5
<b>Other Transfers</b>	<b>1,830,673</b>	<b>11.0</b>
National Birth Registration Plan (DNRN/ MINJUS/ Holland/UNICEF)	24,201	0.1
Action Plan for OVC (UNICEF)/ Support to OVC (MMAS/WFP)	355,477	2.1
Prevention Violence Against Children (UNICEF)/ Child Trafficking (S. the Children)	10,038	0.1
MMSA/INAS others services (EOE)	338,397	2.0
National AIDS Council	252,619	1.5
HIV and AIDS Program (PMTCT) (MISAU)	147,542	0.9
Geração Biz (MJD/ME/MINSAU/UNFPA)	8,320	0.1
Child-Friendly Schools (UNICEF)	127,305	0.8
Other transfers (EOE)	590,975	3.6
<b>General Subsidies</b>	<b>5,259,000</b>	<b>31.7</b>
Fuel Subsidies (EOE)	4,691,500	28.2
Other Subsidies (EOE)	567,500	3.4
<b>Total</b>	<b>16,607,875</b>	<b>100.0</b>

Sources: Ministry of Finance (2010), Tables 4.1 and 4.6 and information received from partners.

a/ Includes pension and grants; b/Includes maternity and death/funeral subsidy.



## B. Coverage, Gaps, and Overlaps

257. To provide some indication of whether the coverage of existing programs is high, medium, or low, Table 4.11 presents estimates of the size of at-risk groups and the coverage of each program. Out of the 37 programs for which some information has been obtained, five programs have been identified as having high coverage, one with medium coverage, and 31 with low coverage. Generally, the major social assistance programs in Mozambique have low coverage relative to the number of individuals at risk, including the unconditional cash transfers (PSA) and the other INAS programs, school lunches, HIV/AIDS programs, training and scholarship programs, and the food for work program. The INSS has low coverage given that it covers less than 5 percent of the labor force and that 88 percent of the elderly have no pension. The MOF's pension plans cover all public employees and therefore are classified as having high coverage, but public employees and their dependents represent less than 3 percent of the population. The other programs with high coverage are the micronutrient programs, which according to the Ministry of Health's Surveillance Program cover all the "intended" target groups though many children continue to suffer from malnutrition (44 percent of those under the age of 5 are stunted). The program that is classified as having medium coverage is adult education as it covers 1.1 million of the estimated 5.9 million illiterate adults in the country.

258. The expenditure data in the previous section and the program coverage data indicate that some major *program gaps* exist. Those who remain largely uncovered by the SP system in Mozambique are poor families with children, young people, and the working poor, particularly those facing recurrent weather-related shocks. Another problem with the system is that there is *fragmentation and duplication* of social insurance and social assistance programs and little coordination among them that limits the effectiveness of social protection spending. For instance, there are many, fragmented youth training programs, and there are three major pension plans operated by the MOF and the INSS. INAS has been implementing microcredit and training programs and building schools and health

posts even though other institutions in the government are specialists in these areas. There is lack of coordination between INAS and the institutions in charge of education, health, youth, training, and microenterprise programs. There is also lack of coordination between public entities and NGOs and other civil society organizations that leads to much duplication of efforts. Some analysts have indicated that there is a significant level of fragmentation and duplication of efforts among programs and a lack of coordination between programs run by NGOs working in the social sectors. For instance in the health sector, a number of international organizations, donors, and NGOs are active in the sector (PEPFAR, the Clinton Foundation, Save the Children, and the Bill Gates Foundation) and they all use their own implementation mechanisms and financing channels rather than the state budget.<sup>146</sup>

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<sup>146</sup> World Bank (2009a), p. 22.

Table 4.11: Groups at Risk and Program Coverage, 2010

Programs	Population at Risk	Coverage	Classific
<b>0-5 years</b>			
Micronutrients Vitamin A	3.6 million 6-59 months	4 million	High
-Micronutrients Vitamin A	979,087 post birth	1.2 million	High
-Iron/ Folic Acid	979,087 post birth	1.4 million	High
-Deworming	3.6 million 6-59 months)	3.5 million	High
-Nutrition Rehabilitation Program (MISAU/WFP)	1,722,573 chronic	84,3009/ 13,806 res.	Low
Social Units for Young Children OVC (INAS)		574 children	Low
Kinder ( <i>Centros Infantis e Escolinha</i> ) (MMAS)	2,723,164 no stimulation	69,312	Low
National Birth Registration Plan (DNRN/ MINJUS/ Holland/UNICEF)	2,723,459 children	699,622	Low
<b>6-17 years old</b>			
Direct Support to Schools (ME/EOE)	343,239 (112,043 boys and 232,196 girls) (6-12) not in primary school	5.2 million	Low
School Books (1-7 grades, ME) (EOE)	944,164 (396,774 boys; 547,390 girls) (13-17) not in secondary school	14.2 million books	Low
School Feeding (ME/PMA) (EOE)		421,034	Low
Child-Friendly Schools (UNICEF)		370,000	Low
Action Plan for OVC (UNICEF)	2,061,866 OVC	252,258/ 242,000	Low
Support to OVC (MMAS/WFP)	1,447,053 Orphans both parents	48,937	Low
Children with Disabilities (MMAS)	65,000 abandoned children 1,381,036 child labor	2,834 with disabilities	Low
Special Education (ME)	6.2 million with disabilities, 1000 women/children trafficked/ year	74,000 children	Low
<b>18-24 years old</b>			
Institute for Study Grants /Other Scholarships (EOE)	887,440 poor youth (Q1+Q2)	1200 intern/ 1000 external	Low
Youth Initiatives Fund (MJD)		139 projects	Low
Geração Biz (MJD/ME/MINSAU/ UNFPA)		54,000	Low
<b>25 -59 years old</b>			
Income Generation (INAS)	4.2 million working poor	12,072 persons	Low
Social Benefit for Work (INAS)		4,029 persons	Low
Adult Education (ME)	5.9 million (15+) illiterate	1.1 million	Medium
INEFP (EOE)		8,555 trained	Low
Agricultural input vouchers IFDC/USAID/FAO/EU)	3.7 million small farms: 92% no TA 97% no credit	20,260	Low
<b>60 years and over</b>			
INSS (2009)	900,000 (60+) no pension	13,773	Low
MOF pensões (civil/militares)	175,000 civil servants	universal	High
PSA (INAS)	305,000 (60+ Q1)	217,683 direct	Low
Social Service Institutions and Old Age Homes (INAS)	305,372 (60+) in Q1+Q2	835	Low
<b>Households in General</b>			
Direct Social Assistance (INAS)	5 million in Q1	26,628	Low
HIV and AIDS Program (PMTCT) (MISAU)	150,000 pregnant HIV+/ year;	32,676	Low
Basic Food Basket for People in ART (ART/MISAU)	500,000 adults in need of ART	3,500	Low
Support to People with Chronic Illnesses (WFP)		30,000	Low
Social Units for the Handicap (INAS)	1.6 million people w/disabilities	303	Low
Women Entrepreneurship (MMAS/ADB) (EOE)		4,500	Low
Community Development (INAS)	HH 2.6m no improved water; 3.7m improved sanitation; 4m no electricity	49,852	Low
Risk Reduction (INGC/WFP)		4,000 HH	Low
Climate Change Adaptation (INGC /WFP)		400/500 district	Low

Source: Table 4.1 above.

259. In sum, the majority of programs in Mozambique have low coverage, and there are important gaps in programming for poor families with children, young people, and the working poor, particularly those facing recurrent weather related shocks. There is also fragmentation and duplication of efforts among social protection programs and a lack of coordination among programs that limits the effectiveness of social protection spending.

### **C. Generosity**

260. Two issues related to program generosity are discussed in this subsection: (i) whether the existing social protection programs are sufficiently generous to have the expected impact or (ii) they are too generous and give the beneficiaries a disincentive to work and save. A third concern relates to the sustainability of these programs, which will be discussed below in Section H. To address these issues, we compare the benefits paid by the major social insurance and social assistance programs with international benchmarks. We focus on the PSA and pension plans, the major programs for which comparative information exists.

261. In the case of PSA, the program is designed to target those who cannot work including the elderly poor, those with chronic illnesses or disabilities, and poor pregnant women. Therefore, it cannot create a disincentive to work. According to INAS, 94 percent of PSA beneficiaries are the elderly, 5 percent disabled, and 1 percent the chronically ill.<sup>147</sup> Also, the program specifies that, if there is a person in the beneficiary's household who works or receives any other income (including seasonal income), in order for the beneficiary to be eligible for PSA, the monthly per capita income of the household cannot exceed MT 100.<sup>148</sup> Therefore, the focus of this discussion is on whether the benefits are large enough to help beneficiary families to cover their basic needs.

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<sup>147</sup> INAS (2010) Annual Report.

<sup>148</sup> Page 4 of the PSA Operational Manual of 2004 mentions MT 70, but this amount has been updated to MT 100.

262. Table 4.12 shows estimates of the generosity of various types of social assistance programs in 19 countries as reported in a recent World Bank study. Program generosity is defined as the program transfer divided by the average consumption expenditures (excluding durables, housing, and health care) of the poorest households (those in Q1).

Table 4.12: Generosity of Programs Relative to Average Consumption

Programs	Median transfer as % of average consumption	Range transfer as % of average consumption a/	Denominator
Non-contributory (Social) Pensions (14) c/	27%	12%-53%	Q1 b/
Last Resort Programs (20) d/	23%	5%-45%	Q1 b/
Family Allowance (15) e/	18%	6%-28%	Q1 b/

Source: Grosh et al (2008), Table 5.1 (p. 137).

a/ The two highest and lowest values were excluded.

b/ Consumption expenditures exclude durables, housing, and health care of the poorest quintile.

c/ In parenthesis, number of programs.

d/ Last resort programs. Needs-based, usually means-tested, programs designed to help those who are not assisted or not assisted enough to prevent poverty, by social insurance (pensions, unemployment insurance) or universal programs (child allowances, education, and the like).

e/ Family allowances. Cash transfer for families with children. Family allowances can take various forms, such as means-tested child benefits, birth grants, or universal transfers for all children under a fixed age.

263. The PSA is similar in concept to a social pension as it targets those who cannot work. Table 4.14 shows the PSA transfer per month, which varies according to family size. The actual average size of the PSA beneficiary family is two people,<sup>149</sup> and these families receive a transfer of MT 150 per month. To approximate the consumption expenditures excluding durables, housing, and health care, only the consumption of food is considered. A family of two in the poorest quintile (Q1) has a monthly food consumption of MT 630 (MT 10.5 per capita per day). In this case, PSA generosity is 24 percent (150/630). This is below the median of social pension programs (27 percent) in Table 4.13. In fact, if this PSA beneficiary family in Q1 has no other source of income, the transfer will only cover seven days of food

<sup>149</sup> In 2010, the PSA benefitted 217, 683 people directly (139,818 women and 77,865 men) and 236,451 indirect beneficiaries, close to a 1 to 1 ratio. During the first quarter of 2011 there were 214,811 direct beneficiaries and 174,466, a ratio slightly below one (INAS (2010)).

during the month, with no money left over to pay for food for the remaining 23 days or for other necessities.

Table 4.13: PSA Benefits

Family Size	Jan 2004-Dec 2007 MT/month	Since January 2008 MT/month
1 people	70	100
2 people	100	150
3 people	120	200
4 people	130	250
5 people	140	300

Source: INAS

264. In this context, it is important to note that these estimates refer to 2008/09 prices when the IOF 2008/09 was carried out. However, PSA transfers have not been adjusted since January 2008, though Decree 19/93 of August 25 required that PSA benefits should be adjusted annually. Indeed, the benefit was supposed to be kept at 30 percent of the minimum wage, which in 2010 averaged MT 2,350,<sup>150</sup> but the value of the PSA transfer today is only 4 percent of the minimum wage. According to MMAS/INAS, since 2008 the value of the transfer has declined by 26 percent.<sup>151</sup>

265. The average and minimum retirement pension paid by the INSS in 2009 was MT 2,130 and 1,442 per month respectively. The replacement rate of the old age pension is 22 percent of the average taxable wage.<sup>152</sup> The minimum pension corresponds to what the average Q1 household spends monthly on food but only to 79 percent of its total monthly expenditures. The average pension covers the total monthly expenditures of a Q2 family. Therefore if the “average” pensioner’s income consists only of the pension, the family would fall below the poverty line. MOF pensions are more generous: the average monthly pension paid by the MOF in 2009 was MT 3,728 (MT 3,130 to civil servants and MT 3,998 to

<sup>150</sup> Hodges and Pellerano (2010), page 27.

<sup>151</sup> MMAS “Report of Activities of the Sector of Social Action, 2001” (Revisão Anual 2011- Relatório do Sector Acção Social).

<sup>152</sup> Picado-Chacon et al (2010), p 86.

the military), which is 75 percent more than the INSS average pension. The average civil and military pensions cover 100 percent and 135 percent the total expenditures of a Q4 family respectively.

266. In sum, Mozambique's major social assistance programs are not generous. The PSA transfers only cover a small share (24 percent) of the food requirements of the poorest families. The generosity of the PSA is below the median for countries with similar programs. Similarly, the minimum INSS pension only covers the basic food needs of the poorest families but no other essential goods and services. Even the families of those receiving the average INSS pension are likely to be below the poverty line if the pension is their only source of income. The MOF's pensions are more generous as its retirees can afford expenditures equivalent to Q4 households.

#### **D. Targeting and Selection Mechanisms**

267. The major social assistance programs in Mozambique target their beneficiaries based on categorical definitions. The PSA targets the elderly, those with chronic illnesses or disabilities, and poor pregnant women who cannot work. The PASD provides short-term support to poor people or households who experience some shock (such as a death, illness, unemployment, or a house fire) as well as to orphans and vulnerable children (OVC). Some of the beneficiaries of INAS's PBST and PGR are those that were beneficiaries of other programs (such as the PSA) but who are now able to work. While most of INAS's programs have set an income threshold to determine illegibility to participate, in practice this requirement is not applied. Food-for-work programs beneficiaries are selected by geographic targeting (for example, zones affected by disaster or arid and semi-arid areas) and/or self-selection.

268. Beneficiary selection for INAS's programs is made with the support of *permanentes*. These are people from the local community who are trained by INAS to assess and process applications, mobilize beneficiaries, and tell local beneficiaries when they will receive their monthly cash payments. They also witness the distribution of payments made by INAS's staff in their delegation or sub-delegation and can also collect and sign for payments for beneficiaries who are unable to be present themselves on the payment date. *Permanentes* are paid a monthly stipend of MT 500 (recently increased from MT 300). They are not employees of INAS.

269. Benefit incidence analysis is helpful in evaluating the *targeting efficiency* of the social assistance programs, or the extent to which the poor benefit from the programs. The benefit incidence of a public program can be determined from a concentration curve, which shows the share of total resources (vertical axis) going to percentages of the population ranked by per capita consumption, income, or wealth (horizontal axis).<sup>153</sup> A program in which an equal amount of benefits is received by each quintile would have a straight 45 degree concentration line. A *pro-poor* program would be represented by a concentration curve located above the 45 degree line curve. A program would be *progressive* if its concentration curve is above the concentration curve of consumption. If the program's concentration curve lay between the diagonal and the consumption's concentration curve, then the program would *not be pro-poor*, although it would be *progressive*. If it lay below the consumption's concentration curve, it would not only *not be pro-poor* but it would also be *regressive* in the sense that its distribution would be worse than the existing distribution of consumption and thus would contribute to increasing inequity in the country.

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<sup>153</sup> Since the IOF 08/09 does not provide information on the amount of resources that each quintile receives from the programs but only information on participation, it is assumed as customary in the analysis for these type of programs that benefits are equally distributed among the participants. In this case benefit incidence and beneficiary incidence are identical.

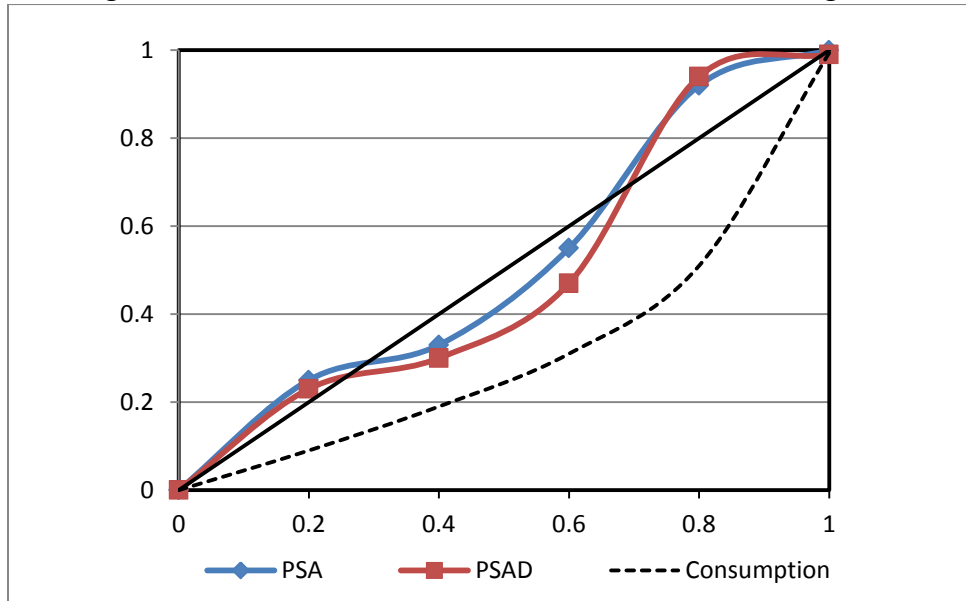


270. As this analysis is applied to programs in Mozambique, two caveats must be borne in mind. As discussed in Chapter II, the distribution of consumption expenditures across quintiles is quite flat in Mozambique, which means that reaching the poorest of the poor is a greater targeting challenge in Mozambique than in countries where this group is more easily identifiable. Second, the large share of population involved in the informal sector and subsistence farming activities makes it more challenging to target on the basis of income or consumption measures than in countries with larger formal sectors and monetized economies.

271. In Mozambique, there is available information on the targeting outcomes for only two assistance programs that can be considered to be designed to benefit the poor – the PSA and the PSAD. However, while the primary objective of a program may not be “targeting” the poor, a concentration curve can be drawn to evaluate the extent to which the poor are in fact *accessing the program* or to measure the share of the program’s benefits that is received by the poorest quintiles. This type of analysis helps to understand which groups might benefit from different public programs or subsidies.

272. Figure 4.2 depicts the concentration curves for the PSA and the PSAD constructed with data from IOF 2008/09. The dotted line is the concentration curve (Lorenz curve) of consumption. The concentration curves of these programs are above the consumption concentration curve and therefore both are progressive. However, the concentration curves move around the 45 degree line and by looking at the graph it is not possible to say whether the programs are well targeted to the poor or are *pro-poor* (see below).

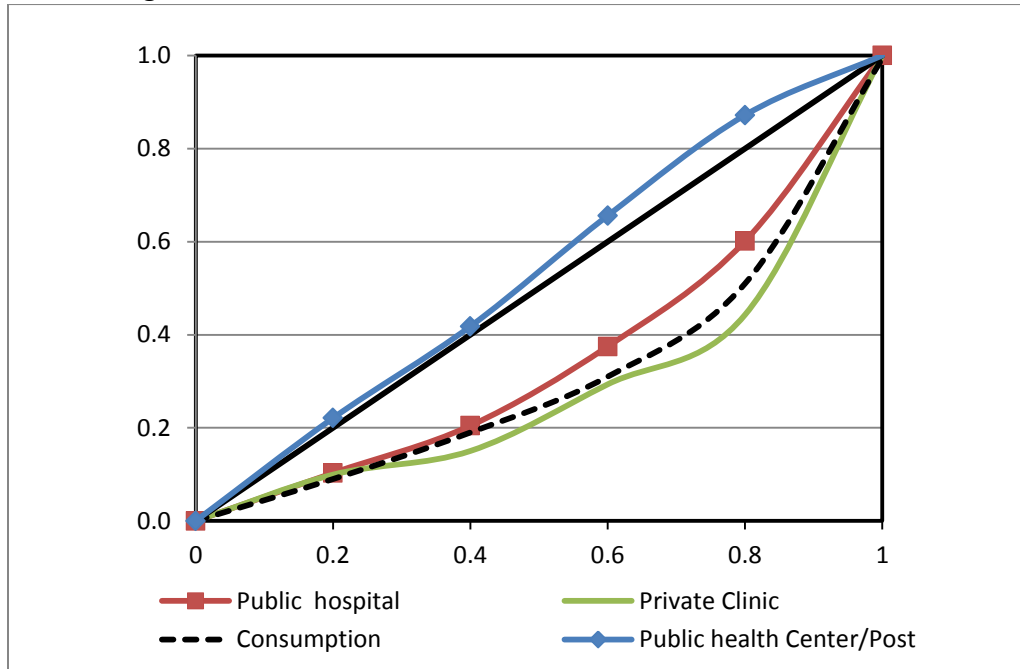
Figure 4.2: Concentration Curves for the PSA and PSAD Programs



Source: Based on IOF 2008/09.

273. Figure 4.3 depicts the concentration curves for the use of different kinds of health facilities (public health centers or posts, public hospitals, and private clinics) by different income groups, also constructed with information from IOF 2008/09. It shows that public health centers and posts are mostly used by the poor as the concentration curve is above the 45 degree line. Public hospitals, on the other hand, are mostly used by the non-poor and are *not pro-poor* but are *progressive* (because the concentration curve is above the consumption curve), while private clinics are *not pro-poor and regressive*. The policy implication is that, to favor the poor, the government should concentrate its health spending on health centers and health posts rather than on hospitals.

Figure 4.3: Concentration Curves for the Use of Health Facilities

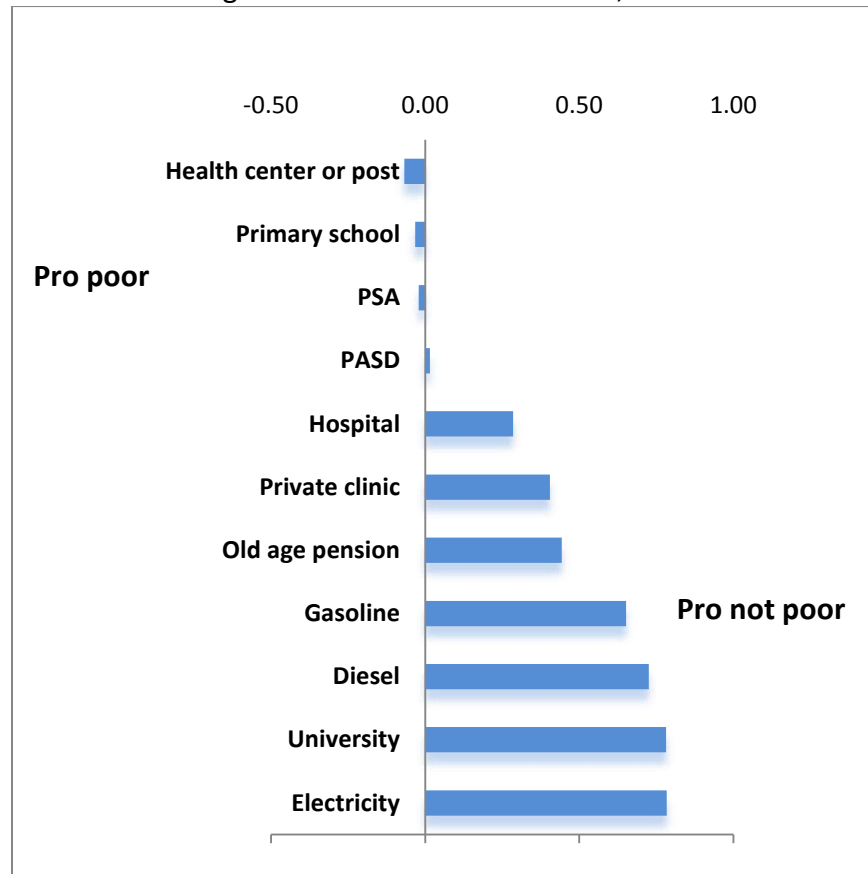


Source: Based on IOF 2008/09.

274. The *targeting accuracy* of a program can be determined from the concentration index. This index is calculated from the concentration curve in a similar way as the Gini coefficient is calculated from the distribution of per capita consumption (or income). Negative values of the concentration index indicate that a program is *pro-poor*. The larger the index, in absolute terms, the more accurate is the program in reaching the poor. Figure 4.4 shows the concentration indices for the PSA, the PASD, the retirement pension, and other programs for which there is information in the IOF 2008/09. It can be seen the PSA is *pro-poor* while the PASD is *not pro-poor* but both are on the borderline between being *pro-poor* and not *pro-poor*. The pension programs in general are not *pro-poor*, nor is having access to university or using electricity or purchasing gasoline or diesel.<sup>154</sup> On the other hand, primary education and primary health care are clearly *pro-poor*.

<sup>154</sup> This is based on the number of household members that responded that they had received a retirement pension (*uma pensão de reforma*) the previous month and households that mentioned that they had paid for the use of electricity and purchased gasoline or diesel during the last month.

Figure 4.4: Concentration Indices, 2010



Source: Based on IOF 2008/09.

Table 4.14: Concentration Indices of Selected Programs, 2010

Programs	Concentration Indices	Progressivity Indices	Characterization 2010
Health center or post	-0.07	-0.43	Pro-poor
Primary school	-0.03	-0.39	Pro-poor
PSA	-0.02	-0.38	Pro-poor
PASD	0.02	-0.34	Not pro-poor/ progressive
Hospital	0.29	-0.07	Not pro-poor/ progressive
Private clinic	0.41	0.05	Not pro-poor/ regressive
Old age pension	0.44	0.08	Not pro-poor/ regressive
Gasoline	0.65	0.29	Not pro-poor/ regressive
Diesel	0.73	0.37	Not pro-poor/ regressive
University	0.78	0.42	Not pro-poor/ regressive
Electricity	0.78	0.42	Not pro-poor/ regressive

Source: Based on IOF 2008/09.

275. To evaluate whether the program helps to improve equity, a progressivity index can be calculated<sup>155</sup>. Table 4.14 presents the progressivity index for each program from the most accurate program in reaching the poor (public health centers/posts) to the least accurate in reaching the poor. As can be observed, there are several programs that are not pro-poor and regressive. This implies that the distribution of benefits (access or use) is worse than the existing distribution of consumption, meaning that it is aggravating existing inequities. Indeed, it can be observed that the retirement pension program is not only not pro-poor but also regressive as only 7 percent of those with a retirement pension are in the two poorest quintiles while 74 percent are in the two richer quintiles.

276. Summing up, and keeping in mind the caveats made at the beginning of this section, the targeting accuracy of the two programs that are intended to reach the poor (the PSA and the PASD) is poor. Therefore there is a need to improve the INAS's beneficiary selection mechanisms. Similarly, not only are the fuel subsidies not *pro poor* but they are actually regressive and should be eliminated as soon as possible.

#### **E. Cost-effectiveness**

277. The administrative cost of the programs gives an indication of whether they are cost-effective or not. Table 4.15 presents the administrative costs of different types of social assistance programs from a variety of countries, as reported in a recent World Bank study.<sup>156</sup> As can be observed, the range of administrative costs is quite wide, which makes comparisons difficult. Moreover, a program can have relatively high administrative costs because of its small scale and its low benefits or because it is new and has high start-up costs. On the other hand, a program may have low administrative costs because it does not invest in key activities such as staff training, communications, auditing and controls,

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<sup>155</sup> Progressivity is equal to the program's concentration index minus the Gini coefficient of consumption. A program that improves equity presents negative values in its progressivity index.

<sup>156</sup> Grosh et al (2008).

information management, and monitoring and evaluation systems. As a result, the World Bank study suggests developing an index of administrative expenditures to take some of these aspects into consideration. The proposed index is calculated by multiplying the generosity of program by the percentage of administrative costs in the total program cost.<sup>157</sup>

Table 4.15: Typical Administrative Costs as a Percentage of Total Program Cost

Type of Program	Minimum	Maximum	Median	Average	No. of Programs
Cash and Near Cash a/	2.0	16.6	8.9	8.2	16
Conditional Cash Transfer	4.0	13.0	6.7	6.2	9
Health Fee Waivers	0.4	3.6	N/A	2.0	2
Student Loans	21.0	30.0	N/A	25.5	2
School Lunches	9.4	55.5	28.5	32.3	11
Food For Work	1.6	24.0	4.9	10.3	6

Source: Grosh, et al (2008), p. 411.

Note: a/ Example: child allowance, food stamps, guaranteed minimum income.

278. INAS's assistance programs have high administrative costs. A 2008 study estimated that the PSA's administrative costs in four INAA delegations (Maxixe, Nampula, Beira, and Angoche) ranged from 32 percent to 50 percent of total costs.<sup>158</sup> Another study conducted in 2010 by the MMAS's Administration and Finance Department in 13 INAS's delegations found that administrative costs averaged 38 percent of the total cost, ranging from 51 percent in Maxixe to 24 percent in Nampula.<sup>159</sup> In Maxixe, it cost MT 1 to deliver MT 1 to the beneficiaries.

279. Table 4.16 shows the administrative costs of INAS's programs. The data have to be treated with caution because, as INAS has indicated, many of INAS's staff work in more than one program, which means that it is not easy to separate administrative costs by program. The PSA's administrative costs averaged about 30 percent in the last three years. The World Bank study reports the administrative costs of the Namibia Old age pension as being 9.5

<sup>157</sup> Ibid., Box 9.3. p. 392.

<sup>158</sup> Walker et al (2008). p. 32.

<sup>159</sup> MMAS (2010).

percent of total program costs and the Zambia's Pilot Social Cash Transfer as being 17 percent of total program costs. The median of the administrative cost for 16 *cash and near-cash* programs in different parts of the world was 9 percent of total costs (Table 4.16).<sup>160</sup>

Table 4.16: The Administrative Costs of INAS Programs 2008-2010

	<b>2008 (MT 000)</b>	<b>2009 (MT 000)</b>	<b>2010 (MT 000)</b>
<b>PSA, total cost</b>	<b>163,158</b>	<b>278,300</b>	<b>389,140</b>
Benefits delivered	114,170	194,514	269,667
Administration Costs	48,988	83,786	119,473
% Administration/total cost	30.0	30.1	30.7
<b>PASD, total cost</b>	<b>41,883</b>	<b>47,972</b>	<b>58,599</b>
Benefits delivered	37,833	42,786	52,951
Administration Costs	4,050	5,186	5,648
% Administration/total cost	9.7	10.8	9.6
<b>PBST, total cost</b>	<b>16,858</b>	<b>23,269</b>	<b>27,249</b>
Benefits delivered	12,001	17,043	19,846
Administration Costs	4,857	6,226	7403
% Administration/total cost	28.8	26.8	27.2
<b>PGR, total cost</b>	<b>50,292</b>	<b>52,592</b>	<b>39,470</b>
Benefits delivered	40,995	44,453	30,031
Administration Costs	9,297	8,139	9,439
% Administration/total cost	18.5	15.5	23.9
<b>PDC, total cost</b>	<b>14,883</b>	<b>15,295</b>	<b>18,647</b>

Sources: INAS -Questionnaires filled in for this study. For 2010, INAS (2011).

280. Following the procedure suggested by the World Bank study, an index of administrative costs can be calculated for the PSA. Recall that PSA generosity was estimated at 24 percent and that administrative costs as a percentage of total cost were 30.7 percent in 2010 (Table 4.16). This yields an index of administrative costs of 7.4 ( $=24*0.307$ ), which compares with indices ranging from 0.5 to 2.25 with a median value of 1.1 for 10 social assistance programs in various parts of the world for which information is reported in the World Bank study.<sup>161</sup> Consequently, it can be seen that the administrative costs of the PSA are quite high by these standards.

<sup>160</sup> Grosh et al (2008), Box 9.3, p. 411.

<sup>161</sup> Ibid. Box 9.3, p. 392.

281. Nor are other INAS programs cost-effective. The administrative costs of the PBST are about 28 percent of total costs, those of the PGR are 19 percent, those of the PASD are 10 percent, and there is no information for the PDC. More important, however, is that these programs do not achieve their objectives. A recent ILO study reviewed these programs in detail and came to the following conclusions:<sup>162</sup>

- *The Social Benefit for Work Program (PBST)* is intended as a transitory program, with beneficiaries eventually getting a full-time job with their employers or setting themselves up in some other income-generating activities. However, partner employers do not fulfill their obligations in the program, meaning that the PBST does not achieve its aim to ensure that beneficiaries graduate from the program. INAS staff do not carry out a sufficient number of supervisory visits to beneficiaries. INAS has no mechanism for assessing whether the intended reduction in the level of beneficiary's dependency is achieved.
- *The Income Generation Program (PGR)* also has a low success rate. Most income-generating projects funded by micro-credits provided by the PGR fail. The program has no clear graduation criteria. Beneficiaries are required to join in groups, most of which fail to make a success of their enterprises. Beneficiaries also do not repay the loans that they receive under the program. INAS plays an active role in implementing income-generating projects, but most INAS staff have no expertise in income generation.

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<sup>162</sup> Social Development Direct (2008), p.5.



- *The Community Development Program (PDC)* operates as a development program at the community level. It is based on a principle of community participation, not social assistance. There are no clear graduation criteria. The available data on the number of beneficiaries involves double counting because they assume that all members of a community benefit from each project in their community.

282. INAS is fully aware of these problems. Indeed, as indicated in Chapter III, INAS has recently suspended the PBST and the PDC while it considers how to better align existing social assistance programs with the Basic Social Security Strategy (see Chapter V).

283. On the social security side, the INSS has suffered from serious governance and management problems, including poor administrative, financial, and investment policies. The World Bank and the ILO are helping the government to address these problems and to reform the social security system (see Chapter V).

284. In sum, there is substantial room to increase the cost-effectiveness of Mozambique's social protection programs and obtain more impact or "bang for the buck."

#### **F. Institutional and Coordination Arrangements**

285. The MMAS has two National Directorates – the National Directorate for Social Action (DNAS) and the National Directorate for Women (DNM). At the provincial level, it has the Provincial Directorates of Women and Social Action (DPMAS), and it also has 128 District Services for Health, Women, and Social Action (DDMAS). The MMAS has identified the following constraints to its operations: (i) the lack of qualified and trained staff; (ii) the absence of infrastructure; (iii) the lack of equipment and material; (iv) the need for an information system to support planning and monitoring and evaluation; and (v) the low level of awareness in other sectors of the contribution that they could make to addressing

the needs of vulnerable groups.<sup>163</sup> As of May 2011, the MMAS had 1,504 staff (859 of whom were women), 13 percent in the central office and the remaining in 87 percent in the 11 provincial delegations. About one-quarter of its staff (23 percent) have only a primary education or less, two-thirds have a secondary education, 8 percent have a *licenciatura*, five people have a masters degree, and one has a doctoral degree.

286. INAS reports facing the following challenges: (i) a lack of trained staff in the delegations including the weak technical capacity of staff in administration and finance; (ii) a lack of resources to provide training to the delegation staff; (iii) a lack of transport to support program activities; and (iv) poor facilities in some delegations.<sup>164</sup> INAS indicates that it has found it difficult to coordinate its 30 district delegations. It is seeking to establish some hierarchy within these delegations to facilitate coordination. INAS has 944 staff, 9 percent at central offices and the remainder in its delegations. As of May 2011, INAS had 142 managers (21 at the central office), 330 operational staff (20 at the central office), and the remainder being assistance staff. Of the 330 operational staff, 222 work in assistance programs and 108 in development programs. Among these, there are 102 social workers, six with a *licenciatura*, two with some higher education, two with specialized training, 76 with a secondary education, and the remaining 16 with a primary education.

287. There have been several studies that have explored how to improve the INAS organization. The most recent study was financed by the UK Department for International Development (DFID) in 2007. It highlighted the following critical issues: (i) a lack of a formal organizational structure, (ii) inexplicit functional levels, (iii) unassigned responsibilities, (iv) unclear reporting and delegation of authority, (v) undefined roles and duties, and (vi) informal management styles.<sup>165</sup>

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<sup>163</sup> World Bank (2009a), p. 15.

<sup>164</sup> INAS (2011).

<sup>165</sup> World Bank (2009a), p. 14.

288. The ILO is supporting the development and implementation of a new management information system for INAS, and UNICEF is helping to evaluate the impact of the PSA (see Chapter V). Financial controls are being increased. An existing internal audit unit was recently strengthened, and the budget management system e-SISTAFE is now in operation in 11 of the 30 regional INAS offices (in all provincial capitals). Five districts in which INAS operates still have no electricity, and therefore they cannot operate the e-SISTAFE. INAS is working on a new organic scheme and a plan for staff development.

289. Coordinating with other institutions remains a major challenge. According to INAS, in the area of direct social assistance to vulnerable groups, for instance, there are many NGOs and faith-based organizations working in Mozambique, mostly uncoordinated and unregulated. Even within the government sector, INAS's social assistance programs were designed without any input from other sectors. For instance, under the auspices of the PDC and at the request of the communities, INAS has helped to build schools and health posts, even though these are activities that correspond to the Ministries of Education and Health. As a result, this has often left INAS with no resources left over to financing its own social assistance activities in those communities. In general, INAS's social assistance and development programs are not coordinated with any other health or education projects or with training or microcredit institutions. There are no referral protocols in place so each program functions like an island.

290. In sum, the MMAS and INAS are in need of substantial institutional strengthening, particularly now that heavy demands are being placed on them for the development and implementation of the National Strategy of Basic Social Security (ENSSB). There is still a lack of coordination across sectors, with most programs unable to exploit the synergies that could be generated from closer coordination in program design and implementation. Coordinating interventions also remains a challenge at the local level because there is no clear definition of the roles and responsibilities of the different actors. In general, there is a lack of a clear system of incentives and accountability.

## G. Monitoring and Evaluation

291. There have been some positive developments as Mozambique's public sector gradually develops a culture of results-oriented management and a monitoring and evaluation (M&E) system. To monitor the implementation and impact of PARPA I, a M&E system was developed. A short version of this framework known as the Performance Assessment Framework is used to monitor general budget support. The PARPA is evaluated by means of mid-year and annual joint donor reviews and a final impact evaluation (*Relatório de Avaliação de Impacto*) that assesses progress in each of the pillars and in the cross-cutting thematic areas. The Joint Review (*Revisão Conjunta*) is the mechanism through which the government, donors, and civil society evaluate the implementation of PARPA.<sup>166</sup>

292. The GOM budget is being prepared on a programmatic basis and is becoming more closely linked to the various planning instruments such as the Five-Year Government Program (*Programa Quinquenal do Governo*, or PQG) and the Annual Economic and Social Plans. A major effort was made during the 2007 to 2009 period to develop program budgeting, and since then a technical group comprising staff from the Ministry of Planning and Development and the Ministry of Finance has been formed to steer the process.<sup>167</sup> The execution of the state budget is monitored quarterly and annually by the Ministry of Finance through the State Budget Execution Report (*Relatório de Execução do Orçamento do Estado*); externally it is audited by the Administrative Tribunal, which publishes the Consolidated State Accounts (*Conta Geral do Estado*).

293. The Ministry of Finance has strengthened its district offices to decentralize budget preparation and execution at the district level using the e-SISTAFE system. Under the current decentralized system, the Treasury releases amounts in response to demands from the sectors regarding the extent and timing of their needs. This is the case for both current

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<sup>166</sup> Based in part on UNICEF (2011), Chapter 3.

<sup>167</sup> Umarji et al (2010), p. 40.

and investment expenditures. According to the MOF, the weekly requests are reliable and reflect real sector needs.<sup>168</sup>

294. Despite the progress made in recent years in developing M&E in Mozambique, weaknesses remain because of the continued existence of a multitude of processes and methodologies. At the central level, three distinct systems exist for monitoring and evaluating the Economic and Social Plan (PES), PARPA, and the Sectoral Strategic Plans. The system to monitor the execution of the PES is the most entrenched at all levels of government and has been a major source of information for this study. These national systems are in turn supported by a multitude of sectoral and provincial systems that have no consistent methodology or standardization.<sup>169</sup>

295. At the program level, very few interventions count with adequate information and an M&E system, most of which are pilot programs financed by donors. A major initiative directly related to social protection is the impact evaluation of the PSA being conducted with UNICEF support. It began with a baseline survey in 2008 and continued with a follow-up survey in 2009 and is designed to measure over time differences in a range of social and economic indicators between a group of new beneficiaries and a control group.<sup>170</sup>

296. In sum, the development of a culture of evidence-based policymaking and management by results is a process that requires continued commitment and effort from the GOM and investment in information and M&E systems and staff training.

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<sup>168</sup> *Ibid.*, p. 47.

<sup>169</sup> USEC-Consultoria e Gestao (2008), p. iii.

<sup>170</sup> Hodges and Pellerano (2010), p 50.

## H. Sustainability

297. Mozambique is a poor country and will continue to require foreign support for many years to come. About 45 percent of the GOM budget is financed by external resources, one-third of which are grants (15 percent of the budget). Mozambique currently has 19 Partners of Programmatic Support (*Parceiros de Apoio Programático*), which have disbursed over US\$400 million in each of the last three years to support the GOM budget. These partners stipulate that at least 65 percent of the budget resources must be allocated to agriculture, rural development, infrastructure (roads, water, and sanitation), good governance, and other priority areas for reducing absolute poverty, including social assistance programs.

298. As discussed above, external resources finance about two-thirds of basic social security, with 54 percent of external financing going to Education Social Action, 19 percent to Direct Social Action, 19 percent to Health Social Action, and 8 percent to Productive Social Action. While external resources finance one-third of Direct Social Action, they finance two-thirds of Education Social Action, 90 percent of Health Social Action, and 69 percent of Productive Social Action. This heavy dependence on external resources raises the question of whether these programs are sustainable over the longer term and points to the need to use existing resources in the most efficient and effective way possible.

299. Subsidies are a sensitive issue in all countries and Mozambique is no exception. The GOM is fully aware that they are absorbing large amount of resources (one-third of total social protection spending) and are crowding out other programs that could be better targeted to the poorest Mozambicans. As subsidies are being rationalized, it is hoped that greater fiscal space will become available for social assistance programs. At the same time, the GOM should continue to rationalize social assistance programs to increase the efficiency of resource use and to reform the pension system to ensure its longer-term financial viability (see Chapter V). The GOM recognizes that, while “foreign aid flows are still high, they are subject to a high degree of uncertainty and may decrease in real terms over the

medium term. To address this uncertainty, it is essential that the State continues in the coming years its efforts to increase internal revenue collections and be able to cope with a possible fall in external aid and continues to invest in priority areas for combating poverty.”<sup>171</sup>

## I. Summary Assessment

300. The Mozambique social protection system is a “work in progress.” On the basis of the foregoing analysis, it can be concluded that, while Mozambique has programs to address most of the risks identified in this report, there are still major gaps. Poor families with children are not adequately supported, there is no significant youth program, and subsistence farmers and other workers are not properly protected against recurrent shocks.

301. While Mozambique spends a considerable amount of its resources on social protection, most are absorbed by untargeted subsidies and MOF pensions that benefit only a few but absorb about one-third of total social protection spending. In contrast, relatively little is spent on young children.

302. The major social assistance programs and the pension plan for the private sector have limited coverage and generosity. There is program fragmentation and duplication and many uncoordinated activities that diminish the programs’ impact. The targeting accuracy of the two programs that are intended to reach the poor (the PSA and the PASD) is weak. Also, the major programs are not cost-effective. The PSA has very high administrative costs and the so-called “developmental” programs of INAS are also not cost-effective. Moreover, potential synergies among the social assistance programs are not exploited. Table 4.17 summarizes the major findings of this assessment.

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<sup>171</sup> Ministry of Planning and Development (2010b), p. 105.

Table 4.17: Key Questions and Answers

Key Questions	Answers
1. How adequate is the social protection system to meet the need of various groups that require assistance?	There are many small, fragmented programs. A small number of people receive significant benefits while the majority of people receive little or nothing.
2. How cost-effective are the social protection programs?	Major social assistance programs are poorly targeted. Administrative costs of major programs are high.
3. How responsive is the social protection system in meeting the needs of emerging vulnerabilities?	Most assistance programs have low coverage and generosity.
4. Is the range of existing programs appropriate for the country's needs?	There are still important gaps, a lack of programs for poor families with children, for youth at risk, and for seasonal agricultural workers and the urban unemployed.



## Chapter 5: Conclusions and Recommendations

303. The Government of Mozambique has taken important steps in the last few years to put in place a framework to strengthen the social protection system. As mentioned in Chapter I, in 2007, the GOM approved Law N° 4/2007 on Social Protection, which established three levels of protection: (i) basic social protection; (ii) compulsory social protection; and (iii) complementary social protection. In 2009 it approved the Regulations of the Basic Social Protection System (Decree 85/2009) and, in the early 2010, the National Strategy of Basic Social Security (ENSSB), which consists of four components: (i) direct social action; (ii) education social action; (iii) health social action; and (iv) productive social action.

304. This legal and policy framework is very much in keeping with the current international best practice (Table 5.1). Indeed, the World Bank’s forthcoming Social Protection Strategy for 2012-22 calls for building social protection systems rather than just a collection of social assistance and insurance programs. It also specifies that these systems should provide three basic functions:<sup>172</sup>

Table 5.1: World Bank and GOM Social Protection Frameworks

Functions	Of what?	Instruments	GOM’s SP Framework
Prevention	Against drops in well-being from income and expenditure shocks	Social insurance programs	Compulsory and complementary social security Productive Social Action
Protection	From destitution and catastrophic losses of human capital	Social assistance programs	Direct, education, and health social action
Promotion	Of better opportunities and livelihoods, notably by connecting individuals with better jobs	Labor market programs	Productive social action

Source: Adapted from World Bank “Building Resilience and Opportunity-World Bank’s Social Protection and Labor Strategy 2012-2022.” Concept Note.

<sup>172</sup> In general terms, prevention is the equivalent of risk mitigation in the SRM framework discussed in Chapter I, protection is equivalent to coping, and promotion to risk reduction (Samson et al, 2006, p. 3).

- **Prevention against drops in well-being from income and expenditure shocks.** In the social protection domain, prevention is usually achieved through social insurance programs – such as unemployment and disability insurance, old age pensions, and scalable public works programs– that lessen the impact of shocks on individuals and families and enable them to smooth their consumption over their lifecycles. But complementary programs – such as crop and weather insurance and health insurance – are also extremely important for prevention. This corresponds roughly to *risk mitigation* under the social risk management (SRM) approach.
- **Protection from destitution and catastrophic losses of human capital.** Social assistance programs (including cash transfers, school feeding, and targeted food assistance and subsidies) protect poor individuals and families from irreversible and catastrophic losses of human capital (by withdrawing children from school or foregoing health care), which is essential for both individual wellbeing and broader economic growth. At the same time, these programs reduce the socioeconomic harm caused by acute inequality. This parallels the *risk coping* under the SRM approach.
- **Promotion of improved opportunities and livelihoods, notably by connecting individuals with better jobs.** Institutions that promote opportunity are often integrated with those supporting prevention and protection. Labor market activation programs provide unemployment benefits while building workers’ skills to increase their employability. Conditional cash transfers give recipients an incentive to invest in their human capital by encouraging demand for education and health and help to reduce gender inequalities. And public works programs provide workers with cash payments for building and rehabilitating vital infrastructure, thus investing in both human and physical capital. Equally important for promotion are the *indirect* effects of preventive and protective programs. By reducing households’

vulnerability, they allow them to be more innovative and to take productive risks. This relates to *risk reduction* under the SRM approach.

305. According to the World Bank, social protection systems enhance equity (by providing individuals with the means to secure their rights and to deliver on their obligations), efficiency (through better designed tax/financing arrangements, economies of scale, and common platforms such as registries), and effectiveness (through harmonized incentives and fewer unintended consequence on behavior). Ideally, these systems would be characterized by a mix of public and private providers depending on the extent to which private institutions are providing socially desirable levels of protection, prevention, and promotion in any given country.

306. The complexity of building social protection systems should not be underestimated. It entails many different actors, preferences, programs, policies, instruments, institutions, and financing and often requires policymakers to make difficult trade-offs. Therefore, the pace at which a social protection system can be built must depend on the specific institutional and financial conditions and capabilities of the country in question.

307. In Mozambique, following the Namaacha's workshop in May 2011, the MMAS and INAS have developed a proposal to restructure their programs.<sup>173</sup> The proposal establishes four areas of intervention: (i) monetary transfers for an unlimited time that will comprise a Program of Basic Social Subsidies (*Programa de Subsidio Social Básico*) based on an expanded PSA; (ii) monetary transfers for limited time that will include the *Program de Apoio Social Directo* (PASD) divided into an *ad hoc* component and a long-term support component; (iii) social assistance services for vulnerable and abandoned children, elderly people, victims of violence, and the homeless that will include a Program of Institutional Attention (public nurseries/kindergartens and support centers for the elderly, the

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<sup>173</sup> Ministry of Women and Social Assistance (2011b).

handicapped, and repatriate) and a Program of Family Orientation and Reunification; and (iv) productive social action in the form of a labor-intensive public works program and a component of support to the Development of Income Generation Activities Program.

308. The MMAS/INAS proposal, which was recently approved by the Cabinet, is an important step towards developing a vision of an integrated social protection system in Mozambique that: (i) responds effectively and flexibly not only to existing risks but also to shocks; (ii) exploits synergies between programs and is based on shared operational platforms to increase programs' impact and cost-effectiveness; and (iii) includes a unified social insurance program, rationalized social assistance programs, effective labor market programs, and closer links between programs and social and productive services. The discussion in this study suggests that it will be necessary to address three mutually complimentary issues in order to achieve this vision: developing effective mechanisms and processes to maximize the impact of SP interventions in terms of reducing poverty; rationalizing public expenditures while filling existing program gaps; and strengthening institutional arrangements. It is also important to keep in mind that the most important strategy for reducing the vulnerability and poverty of Mozambican families, which is the major objective of the social protection system, is to continue to pursue growth-oriented, job-creating, pro-poor policies. Having a stable job that pays a reasonable wage is the main way for individuals and their households to rise out of or avoid falling into poverty.

309. Given its capacity and resources limitations, the GOM should address these issues in three stages. In the first stage, the GOM could focus on: (i) consolidating the basic social assistance system by restructuring the PSA (into a new Basic Social Subsidy Program), implementing a labor-intensive public works program that will help the poor to survive during the lean season and will fill part of the programmatic gap, and strengthening the traditional social services; (ii) improving processes and mechanisms (by creating a new operational platform) to increase the cost-effectiveness of interventions; and (iii) deepening the social security reforms. In the second stage, the GOM should consider introducing an

unconditional transfer program for poor families with children (particularly for labor-poor families) to fill the other part of the programmatic gap. This program and the PSA transfer program would both be based on the new operational platform and would be linked with education, health, and other related services and with public works, training programs, and other income-generation activities. The third stage would focus on evaluating the new programs, tightening the links between programs and services, and strengthening coordination mechanisms with NGOs. Reducing program fragmentation and duplication should be a goal during all three stages.

#### **A. First Stage**

310. During this first stage the focus should be on consolidating the basic social assistance system and implementing a labor-intensive public works program that will help the poor to survive during the lean season.

##### **1. Consolidating the Basic Social Assistance System**

311. Consolidating the basic social assistance system should be done gradually. The focus of social action activities should be a combination of the Basic Social Subsidy Program and the Productive Social Action Program. The former would be a reformed and enhanced PSA, while the latter would consist of a labor-intensive public works program. It is expected that these two programs will account for over 80 percent of the social assistance budget during the first few years of this stage.

312. A strategic combination of public works programs and cash transfers would provide vulnerable groups with access to productive, income-generating activities and to social services. The public works would provide vulnerable groups with seasonal work and a predictable source of income, thus helping them to smooth their consumption and avoid the need to make negative investment decisions (such as selling off their assets or eating

less food) while also improving their wellbeing. In the medium term, participation in public works program is expected to help vulnerable households to accumulate assets, thus making it more feasible for them to adopt more productive income-generating activities. The reformed PSA would continue to be a permanent intervention implemented throughout the year, albeit with some adjustments to its targeting mechanisms and to the controls over the disbursement of funds. Gradually, it may be possible to make both interventions linked on the use by beneficiary households of education, health, and nutrition services.

313. Consolidating the basic social assistance system would involve adjusting and consolidating the PSA, scaling up the labor-intensive public works program, and strengthening social services.

**a. Basic Social Subsidy Program**

314. The Basic Social Benefit, which will build on the existing Food Subsidy Program, will have a greater focus on children as the indirect beneficiaries (as dependents) of this transfer. Only those households that include no able-bodied people of working age and have no other source of support (such as pensions) will be eligible. The level of the transfer will be reviewed to ensure effectiveness of the program.

315. The transfer, which will be allocated by household, will consist of a baseline amount plus 25 percent for each dependent up to a maximum of four dependents. This formula is used to ensure that the minimum needs of each individual are met, using as proxy estimates of the IOF, in its approach to poverty lines.

**b. Implementing a Labor-intensive Public Works Program**

316. INAS's Public Works Program with Intensive Use of Manpower, which is being developed by the GOM with the support of the World Bank, is one of the main interventions of the Productive Social Action pillar of the Basic Social Assistance Strategy. This is expected to be supplemented by other programs related to income generation in the second stage of the reform. Its target population is the chronically food-insecure whose situation is aggravated periodically by droughts and floods as well as the able-bodied unemployed. The objective is to stabilize income and to reduce vulnerability to future shocks by providing monetary transfers in exchange for *temporary* work. The program will be implemented during the dry season or during other times when rural workers cannot find work in agriculture and when food insecurity is higher. In urban areas, this seasonal aspect of food security does not exist, but certain types of work need to be performed at certain times of the year (for example, drainage ditches need to be cleaned around February/March).

**c. Strengthening Social Services**

317. It is important to keep in mind that, when new social assistance programs are implemented, there is a danger of crowding out resources for the traditional social services, which serve abandoned children, orphans, foster children and other children in the care of the state, the disabled, the homeless, and the indigent elderly. These programs are the foundation of social protection and should always be given a high priority by the government. In Mozambique these programs include the social services provided by the MMAS, residential care for needy children, the elderly, and the disabled provided by INAS's *Unidades Sociais*, and the (*ad hoc*) emergency assistance by INAS's Direct Social Assistance Program. The GOM is also responsible for regulating the provision of these services by the private sector, NGOs, and faith-based organizations. Therefore, these programs and services should be adequately resourced.

## 2. Establishing a New Operational Platform

318. The ILO and INAS have signed an agreement recently to develop and implement a new management information system (MIS). This will create a unified central beneficiary database (registry) and will help to improve the management of INAS's programs. This is a very important development. The MIS will be based in Maputo, with access to all of the 30 INAS delegations, and will benefit from the most recent IT, communication, and safety and safeguard technologies. The applications will be web based. The system will cover five processes: system management; beneficiary management; subsidies payment management; subsidies finance management; and statistical reports management. Each process is subdivided into sub-processes as follows:<sup>174</sup>

- *System management*: create/update user profiles and entity profiles; analyze requests from users and update user access levels; access control and tracking; update system parameters.
- *Beneficiary management*: register demand for subsidies and create beneficiary profiles; verify beneficiaries' identification; analyze subsidy demand and waiting list management; update beneficiary profiles.
- *Subsidies payment management*: generate reports on the payment of subsidies by delegations and by paying agents; manage the budgeting process; obtain cash, verify subsidies report, and provide cash to paying agent; distribute subsidies and control payments; gather data on changes in beneficiaries' conditions.
- *Subsidies finance management*: prepare budget request for subsidies.

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<sup>174</sup> ILO (2010).



- *Report management*: generate statistical reports.

319. The reformed PSA will use this new platform. In addition, INAS should review its targeting and beneficiary selection mechanisms, payment mechanisms, grievance and appeal processes, program recertification and exit rules, and program monitoring and evaluation systems.

320. *Targeting and Beneficiary Selection.* In a country like Mozambique with widespread poverty and a flat distribution of poverty among the lowest three or four quintiles, it is very difficult to use income/consumption criteria to target the neediest. As discussed, the beneficiaries of INAS's programs are selected by means of referrals from the local authorities and the *permanentes*, which has led to significant inclusion and exclusion errors in both the PSA and PASD. Improving targeting will require selecting a clearly identifiable target group, setting clear and realistic eligibility criteria, and adopting selection mechanisms that minimize errors of inclusion. If the authorities feel that the existing selection mechanism can be improved, then they must identify its current weak points and correct them.

321. An alternative way to select beneficiaries of long-term transfers is to involve the local community in selecting the beneficiary families. Combining geographical, community, and categorical selection can minimize exclusion and inclusion errors. This could be done in two steps. First, the GOM would identify the poorest districts in the country and within this the poorest communities using an impartial and transparent method. In many countries, the poorest districts and communities are identified by means of poverty or food insecurity maps. Second, each community council would be asked to identify those whom the council believes to be eligible for the program. The number of beneficiaries selected could be directly related to the size of the community (number of families) and to the overall number

of beneficiaries to be included in the program. For some programs such as the social pension, selection would include everyone within the community who fit the criteria.

322. *Payments.* Currently, the PSA's payments are supposed to be made monthly though in some cases INAS is not able to keep to the schedule for various reasons. Payments could be made bi-monthly to cut back on administrative costs and to ensure that beneficiaries can rely on receiving the benefit on time. INAS should continue to explore ways of reducing the cost of making and collecting payments.

323. *Grievances and Appeal Mechanisms.* All programs should have grievance and appeal procedures, for example, for those applicants who believe that they have been incorrectly ruled as ineligible for the program or that they are receiving an incorrect amount. There should also be procedures for reporting program fraud or other irregularities. All potential beneficiaries should be given information on their rights and obligations with regard to recertification, continued eligibility, exiting the program, and how to file a complaint or appeal. Those individuals chosen to hear the appeals should be completely independent from those managing the program.

324. *Recertification and Exit.* The unified registry of beneficiaries will make it possible for program administrators to keep track of any changes in the circumstances of the beneficiaries. This will enable them to take them off the payment list if they are no longer eligible and to avoid making payments to "ghost" beneficiaries. Having a process of periodic recertification of beneficiaries also makes it possible for new eligible applicants to be accepted into the program. How often recertification ought to take place will depend on, *inter alia*, the objectives of the program, the eligibility requirements, and how quickly eligibility status (such as poverty, nutritional status, or illness) may change, and the costs of implementing the recertification process. The rules for exiting all programs should be clearly established and enforced.

325. *Monitoring and Evaluation.* UNICEF is currently conducting an impact evaluation of the PSA. In a 2008 baseline survey and a follow-up survey in 2009, it tracked a group of new beneficiaries and a control group to measure differences between them in a range of social and economic indicators.<sup>175</sup> Building on this initiative, the GOM should ensure that all *major* social assistance programs should be monitored for implementation progress and be evaluated for their impact on a regular basis. Strong and credible monitoring and evaluation systems yield essential information that can increase the program's cost-effectiveness and improve its performance.<sup>176</sup> The development of this kind of a culture of management by results will require continued commitment and effort from the MMAS and INAS authorities as well as investment in information systems and staff training.

### **3. Reforming Social Security**

326. Mozambique's pension system has several significant shortcomings including fragmentation, the low coverage and modest benefits of the INSS, and increasing public expenditure on the MOF's pensions. The GOM has begun to reform the social security system with the support of the World Bank and ILO with the aim of slowly reducing fragmentation and merging the existing plans over the longer term.

327. The World Bank is helping to reform the MOF's pension plans, including by conducting functional and actuarial studies. ILO is supporting the reform of the INSS to ensure its long-term financial viability. So far the INSS has revised its investment portfolio and is developing an investment strategy. It is improving the way in which it registers its contributors and is strengthening collection methods. It is also conducting an actuarial study based on the audited accounts of 2004-08, and it plans to reform its organizational structure and introduce a modern management information system (MIS). In addition, the INSS should aim to increase its coverage of the labor force. The priority should be to ensure

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<sup>175</sup> Hodges and Pellerano (2010), p 50.

<sup>176</sup> Grosh et al (2008), Chapter VI.

that all private sector firms contribute to the system and delinquency rates are reduced. Next it should seek to cover the self-employed, initially by concentrating on the easier-to-reach organized professional groups such as lawyers or engineers.

## **B. Second Stage**

328. In this stage, the authorities should focus on complementing the revamped PSA transfer program for the elderly poor and others unable to work (social pension) with a transfer program for poor families with children, both based on the new operational platform. They should also link these transfer programs with education, health, and other social services and link labor-intensive public works programs with training, credit, insurance, and other financial services.

### **1. Social Pensions and Transfers to Families with Children**

329. The MMAS and INAS propose dividing the PASD into two interventions: a short-term, *ad hoc* transfer for families and a long-term transfer (*Apoio Prolongado*) for specific groups such as families with children with nutritional deficiencies, child-headed households, the chronically ill (bed-ridden) and women heads of household who are temporarily unable to work. However, we recommend that this long-term component should be included as part of a new transfer using the PSA operational platform. Specifically, we recommend that the GOM consider developing two unconditional cash transfers based on the common PSA operational platform (see the first stage) and filling the other programmatic gap as follows:

- Social Pension (*Pensão Social*) for the elderly poor who have no children in their household, the disabled, and the chronically ill who are unable to work and have no pensions or other source of income.

- Support to Children (*Apoio as Crianças*) for poor families (particularly labor-poor families) with children aged 0 to 17 years and child-headed households.

330. *Target Groups.* The first target group is already being covered by PSA. It is estimated that there are 305,372 people aged 60 and over in the poorest quintile and 497,800 people aged 60 and over in the two poorest quintiles. The number of the elderly as well as other potential beneficiaries (people with chronic diseases, unable to work, and living without children) would need to be determined. The second target group is poor families with children (particularly labor-poor families such as those with a single earner, a high dependency ratio, or partial or temporary incapacities) or child-headed households. The aim of targeting these groups would be to break the inter-generational transmission of poverty by increasing poor families' access to food, health, education, and other services. OVC should be included in this group rather than being treated as a separate group, and priority should be given to households headed by children. The elderly who live with children should also be included in this group as well as poor pregnant women. It is estimated that there are about 2.8 million children between the ages of 0 and 17 in the poorest quintile.

331. *Benefit Level.* The benefit of the program should be consistent with its objectives. The Social Pension should provide an amount sufficient to buy a meaningful share of the beneficiary's food needs. The transfer to poor families with children should provide additional resources to improve the children's nutritional status, health, and educational attainment. Two concerns are at play here. One is whether the transfer undermines existing informal coping arrangements instead of complementing them. The other concern is what some authors have called "leap-frogging" when the transfer makes beneficiary families richer than their neighbors, thus creating tension within the community. This could be a real problem in many communities given that, as discussed, the distribution of consumption is

quite flat in Mozambique. This problem can be minimized by keeping the transfer as low as consistent with achieving its objective and providing other benefits in kind (see below).

332. The Social Pension should cover a significant share of the cost of the actualized Q1 food basket and should be periodically actualized. The transfer to families with children should include this base amount plus an additional amount for each child up to a given limit on the number of children to take into account economies of scale and avoid unwanted incentives, like those that exist in the current PSA system. It is important to stress that the difference between what is being suggested and the existing PSA is that the reformed version would clearly identify the target groups (families with children and people in need of a social pension), would focus on families with children, and would ensure that complementary services are made available to break the inter-generational transmission of poverty by leveraging transfers and investment in human capital (see below).

## **2. Establishing Links between Transfers and Other Services**

333. The Social Pension and the Support to Children transfer programs should establish close links with education, health, and other services (e.g., birth registry). Indeed, under Decree 85/09 (Articles 11-14) which regulates the Basic Social Security Subsystem it is already contemplated that poor people should have free access to several services. The Decree declares that health services must be provided free to pregnant women, children under the age of 5, the elderly, the disabled, and people with chronic diseases or suffering from HIV/AIDS, leprosy, or tuberculosis. On education, it reiterates that primary education is free to all children (who also have access to free textbooks) and that children in need should have access to school lunches and get support for educational materials. In Article 2, the Regulation states that this provision will materialize “gradually, taking into account the economic conditions of the country.” To ensure that there are synergies between all social programs and services in Mozambique, the beneficiaries of the Social Pension and the Support to Children programs should be automatically eligible for free health services (and

medicine) and for free primary schooling, textbooks, uniforms, school materials, and (when available) school lunches as well as for free birth registration when required.

334. Given existing institutional limitations and resource constraints, these efforts to strengthen the links between the unconditional transfer programs and education, health, and other services should be made initially in a selected number of districts or communities where significant improvements can be made in the existing health and education services that can gradually be extended to the rest of the country.

335. Communication is very important for achieving the objectives of the Support for Children unconditional cash transfer. Each community should be fully briefed on the purpose of the program. Communities should help ensure that the families that are selected as beneficiaries are those that are most in need and that families headed by children, OVC, children with nutritional problems, and poor pregnant women are included. Furthermore, the beneficiary families must be made aware of what is expected of them – that the diet of the family must improve and that the children must attend school and visit health clinics regularly. This will require trained staff and resources.

### **3. Developing Links with Labor-intensive Public Works**

336. Policymakers should establish close links between the labor-intensive public works program and other services and programs that can help its beneficiaries to rise out of poverty. A recent DFID study stressed the need to focus on helping the poorest to rise out of poverty.<sup>177</sup> It suggested that the program should not only provide beneficiaries predictable transfers in return for their labor but also include training or technical assistance so that beneficiaries can improve or develop their skills. These services may also include a savings component combined with financial literacy training. Once beneficiaries'

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<sup>177</sup> Anderson (2011).

financial literacy is assured, microcredit for agricultural production or income-generating activities can gradually be introduced. This microcredit component can build on the experience of Village Savings and Loan Associations in which groups of women provide collateral for each other to take out small loans while learning about savings, credit, and running a small enterprise.<sup>178</sup> It may also include some simple form of micro-insurance added directly to the savings element (perhaps consisting of life insurance and funeral expenses). Again the program may build on pre-existing forms of mutual insurance such as funeral associations.<sup>179</sup> It is important to stress that all of these services should be provided by specialized agencies and that the MMAS and INAS should not try to duplicate these services.

### **C. Third Stage**

337. In the third stage, the GOM should evaluate the new programs, make any corrections suggested by the evaluations, expand the successful interventions to reach as many eligible beneficiaries as resources permit, and tighten the links with other programs and services. Coordination with the NGOs should be strengthened, and the fragmentation and duplication of interventions reduced even further.

### **D. Institutional Arrangements**

338. To implement all the activities contemplated in the three stages, it will be necessary for the MMAS and INAS to be substantially strengthened. Several studies have revealed some of the organizational weaknesses of the MMAS and INAS. Some measures have been implemented to address INAS's weaknesses. For example, financial controls are being improved. An existing internal audit unit was recently strengthened, and the budget management system e-SISTAFE is now operating in 11 of INAS 30 regional offices (in all

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<sup>178</sup> Ibid., Annex I.

<sup>179</sup> Ibid. p. 4.



provincial capitals). As discussed, the ILO is supporting INAS in developing and implementing a new MIS. INAS is also working on a new organization scheme and a plan for staff development.

339. There are many plans and coordinating bodies in Mozambique, but there is still a lack of coordination across sectors, with most programs unable to exploit the synergies that could be generated from closer coordination in designing and implementing programs. At the local level, this is a challenge because of the absence of clear definitions of the roles of the different actors. There is a need to establish clear roles and responsibilities for all those involved in program implementation as well as an appropriate system of incentives and accountability.

340. The Decree that regulates the basic social security sub-system (Decree N<sup>o</sup>. 85/2009) in Article 5 also created the Council for the Coordination of the Basic Social Security Subsystem. This inter-sectoral body comprises the ministries that oversee Direct Social Action (MMAS), Education Social Action (the Ministry of Education), Health Social Action (the Ministry of Health), and those that oversee Productive Social Action (the Ministries of Planning and Development, Agriculture, Labor, Public Works and Housing, and State Administration) as well as the private and public entities involved in providing social assistance. The Council is mandated to coordinate the implementation of the basic social security sub-system. It has the potential to play an important role in coordinating programs across sectors and in creating the synergies necessary to leverage resources and increase the effectiveness of social protection interventions. Therefore, it should be established as soon as possible.

341. Social protection information also needs to be improved. All major social assistance programs should have adequate management and M&E systems. INAS's budget should include all of its program expenditures instead of these being buried under General State Obligations as is currently the case. Future household surveys should include questions that would yield the necessary information to evaluate the incidence of the major social assistance programs.

## Annex I

### Moçambique Avaliação de Protecção Social -Programas de Assistência Social Questionário

#### I. IDENTIFICAÇÃO DO PROJECTO/PROGRAMA

**1.1. Nome do Projecto/Programa:** .....

Ano de início das operações: .....

Ano de conclusão das operações (ou indefinido): .....

**1.2 Unidade/Instituição Responsável:**

Responsabilidade de supervisão: .....

Responsabilidade de Implementação: .....

**1.3 Descrição da Origem do Projecto/Programa:**

.....

.....

**1.4 Base Legal do Projecto/Programa:**

.....

.....

#### II. OBJECTIVOS, LOCALIZAÇÃO E DESCRIÇÃO DOS BENEFÍCIOS

**2.1 Objectivos:**

**Objectivo Geral** (Alívio da pobreza, promoção de atendimento escolar, apoio aos rendimentos, melhoria do acesso a serviços, etc.)

.....

.....

**Objectivos Específicos** (Incluir objectivos específicos para mulheres e/ou crianças):

.....

.....

**2.2 Localização** (nacional, urbano, rural; nome de Província/distritos)

.....  
.....

**2.3 Descrição dos Benefícios Fornecidos** (serviços, produtos):

.....  
.....

**III. ADMINISTRAÇÃO DO PROJECTO/PROGRAMA**

**3.1 Mecanismos de Entrega dos Benefícios** (como eles são transferidos aos beneficiários: em dinheiro, vales, em espécie):

.....  
.....

**3.2 Entidades através das quais os Benefícios são Entregues** (Directamente Programa/ Projecto; Delegações provinciais/distritais; Província, Distrito, autoridades locais, empresas privadas, ONGs, grupos comunitários)

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.....

**3.3 Processos de Monitoramento e Controle** (auditor externo or interno, entidade supervisora, comunidade, etc.)

.....  
.....

**3.4 Mecanismos de Coordenação com Instituições Públicas e Privadas:**

.....  
.....

**3.5 Mecanismos de Participação da Comunidade:**

.....  
.....

**3.6 Equipe do Programa:**

Total:

A nível central: No. de pessoas: Gerentes.....; Administração.....; Outros.....

Distritos: No. de pessoas: Gerentes.....; Administração.....; Outros.....

#### IV. BENEFICIÁRIOS DO PROJECTO/PROGRAMA

##### 4.1 Grupo Focalizado (A planeado a alcançar durante a duração do programa)

No. de agregados familiares: .....

No. de pessoas: .....

Mulheres: .....

Homens: .....

Meninos (idades – *exemplo: de 0 a 5 anos*): .....

Meninas (idades – ..... ): .....

Nível de pobreza: (por favor indicar se por pessoa ou por agregado familiar):

No. em pobreza .....

No em pobreza absoluta

No. de não-pobres .....

##### 4.2 Beneficiários: (número)

	Efectivo 2006	Efectivo 2007	Efectivo 2008	Efectivo 2009	Efectivo 2010	Programado 2011
No. de agregados familiares						
No. de pessoas						
Gênero/ idade ( <i>No. de pessoas</i> )						
1. No. de mulheres						
2. No. de homens						
3. No. de meninos (idades:.....)						
4. No. de meninas (idades:.....)						
Situação de Pobreza ( <i>No. de pessoas</i> )						
1. Pobres						
2. Pobres absolutos						
3. Não-pobres						

##### 4.3 Valor/Frequência dos Benefícios Entregues (indicar o número de vezes por ano que os benefícios são entregues):

Por pessoa beneficiária: MT...../pessoa

Frequência:.....

ou

Por agregado familiar beneficiário : MT/...../agregado familiar

Frequência:.....

**4.4 Como os benefícios são entregues?** (Se em dinheiro, são usados agências de correio, cartões de banco, escritórios das Províncias/Distritos/Comunidades, ect?)

.....  
.....

**4.5 Permanência Média do Beneficiário no Programa e Regra de Saída**

No. de meses .....

**4.6 Critério para saída do programa** (ex: aumento na renda acima de ..... MT por mês, migração, morte, graduação do ensino médio).....

**V. FOCALIZAÇÃO** (O que realmente acontece na prática, não na teoria ou intenções)

**5.1 Mecanismos de Focalização Usados**

Para seleccionar beneficiários (Ex: auto-focalização; geográfica; means test; proxy means test; por indicação de um político; por indicação dos mais velhos na comunidade; categórica – idosos, portadores de necessidades especiais, etc.; ou uma combinação desses):

.....  
.....

Para determinar a distribuição geográfica dos benefícios (Ex: Mapas de pobreza, fórmulas (quais?), etc.):

.....  
.....

**Se da prioridade as crianças ou mulheres?**

.....  
.....

**5.2 Condições para Participar e Continuar no Programa** (atendimento escolar, treinamento, etc.)

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.....

**5.3 Resultados da Focalização** (resultados ex-post de acordo com avaliação, se disponível; proporção dos benefícios do programa indo para os grupos focalizados)

.....  
.....

## VI. CUSTO E FINANCIAMENTO

### 6.1 Custo e Financiamento do programa

	Efectivo <b>2006</b> (MT 000)	Efectivo <b>2007</b> (MT 000)	Efectivo <b>2008</b> (MT 000)	Efectivo <b>2009</b> (MT 000)	Efectivo <b>2010</b> (MT 000)	Planeado 2011 (MT 000)
<b>Custo Total (I+II+III)</b>						
I. Custo dos Benefícios Entregues						
II. Custos de Administração						
III. Custo de Monitoramento e Avaliação						
<b>Financiamento</b>						
Orçamento do Governo de Moçambique						
Autoridades Locais						
Fundos Externos						
Doadores (ex. Banco Mundial)						
Beneficiários						
Recursos próprios (instituição)						
Outros						

### 6.2 Custo de Unidade do Programa

Custo Total por No de beneficiários: MT.....  
.....

### 6.3 Participação Inter-governamental (Participação dos governos das Províncias ou dos Distritos nos arranjos de financiamento e orçamento)

.....  
.....

### 6.4 Arranjos orçamentários para fundos externos (como financiamento externos são distribuídos: através do orçamento geral do governo, diretamente ao programa, através de ONGs, etc.)

.....  
.....

**VII. IMPACTO DO PROJECTO/PROGRAMA (Última avaliação disponível)**

**7.1 Produtos do programa:** (resultados directos esperados do programa)

.....  
.....

**7.2 Consequências do programa:** (objectivos maiores para os quais é esperado que o programa contribua)

.....  
.....

**7.3 Efeitos positivos já alcançados:**

.....  
.....

**7.4 Efeitos negativos já alcançados:**

.....  
.....

**VIII. ELEMENTOS QUE GARANTEM A SUSTENTABILIDADE DO PROJECTO/PROGRAMA**  
(participação da comunidade ou dos pais; arranjos de financiamento, etc.)

.....  
.....

**IX. MAIORES DIFICULDADES EXISTENTES PARA ALCANÇAR OS RESULTADOS ESPERADOS DO PROJECTO/PROGRAMA ( Seja específico )**

**9.1 Recursos Humanos**.....

.....  
.....

**9.2 Recursos Financeiros** .....

.....  
.....

**9.3 Recursos Materiais/Físicos** .....

.....  
.....

**9.4 Capacidade/treinamento**.....

.....  
.....



**CONTACTO**

Nome do entrevistado/respondent.....  
Instituição.....  
Posição/cargo .....  
Telefone:.....  
E-mail: .....  
Data: .....

**X. RESUMO DO PROJECTO/PROGRAMA**

Por favor complete o resumo do Projecto/programa que se segue:

.....  
.....

**Inventário de Programas de Proteção Social  
Resumo do Projecto/Programa**

Nome do Programa (Data de início /data de conclusão ou indefinido)	Agência Executora	Objectives e localização	Valor dos Benefícios (MT) e frequência do pagamento	Grupo Focalizado	Número de beneficiarios e tipo (género, idade) 2010	Mecanismo de Focalização	Condições para participação e permanência no programa	Custo do programa (MT 000) 2010	Fontes de financiamento (% do custo total) 2010
<b>1.1. a/</b>	<b>1.2</b>	<b>2.1 y 2.2.</b>	<b>2.3 y 4.3</b>	<b>4.1</b>	<b>4.2</b>	<b>5.1</b>	<b>5.2</b>	<b>6.1</b>	<b>6.1</b>
								MT 12,000	GoM 50% BM 50%

a/ Correspondente ao parágrafo do questionário acima.

JMarques  
Feb 2011

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## Abstract

This assessment shows that Mozambique social protection system is developing. While programs to address most of the risks identified exist, there are still major gaps. Poor families with children are not adequately supported, there is no significant youth program, and subsistence farmers and other workers are not properly protected against recurrent shocks. The government spends a considerable amount of its resources on social protection but most are absorbed by untargeted subsidies and pensions that benefit only a few. This assessment suggests that it will be necessary to address three mutually complimentary issues: developing effective mechanisms to maximize the impact of social protection on reducing poverty; rationalizing public expenditures while filling existing program gaps; and strengthening institutional arrangements. In order to address the multiple challenges Mozambique faces to support particularly vulnerable groups and reduce extreme poverty and food insecurity, the report proposes a gradual approach framed in the existing social protection strategy approved by the Government in 2010.

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