



REPÚBLICA DE MOÇAMBIQUE  
MINISTÉRIO DA MULHER E DA ACÇÃO SOCIAL

**NATIONAL BASIC SOCIAL  
SECURITY STRATEGY  
2010-2014**

Maputo, June 2012





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# ABREVIATIONS

CNAM	Conselho Nacional para o Avanço da Mulher / National Council for the Advancement of Women
DPMAS	Direcção Provincial da Mulher e da Acção Social / Provincial Directorate of Women and Social Action
DPCCN	Direcção de Prevenção e Controle das Calamidades Naturais / Provincial Directorate for Prevention and Control of Natural Disasters
ENSSB	Estratégia Nacional de Protecção Social Básica / National Basic Social Protection Strategy
INAS	Instituto Nacional de Acção Social / National Institute for Social Action
INGC	Instituto Nacional de Gestão das Calamidades / National Disaster Management Institute
INE	Instituto Nacional de Estatística / National Statistics Institute
MINED	Ministério da Educação / Ministry of Education
MPD	Ministério da Planificação e Desenvolvimento / Ministry of Planning and Development
MMAS	Ministério da Mulher e da Acção Social / Ministry of Women and Social Action
MINAG	Ministério da Agricultura / Ministry of Agriculture
MISAU	Ministério da Saúde / Ministry of Health
MOPH”	Ministério das Obras Públicas e Habitação / Ministry of Public Works and Housing
PARPA	Plano de Acção para a Redução da Pobreza Absoluta / Absolute Poverty Reduction Action Plan
PASD	Programa de Acção Social Directa / Direct Social Action Programme
UNDP	United Nations Development Programme
PSA	Programa Subsídio de Alimentos / Food Subsidy Programme
PADE	Programa de Apoio Directo à Escola / Direct Support to Schools Programme
PBST	Programa Benefício Social pelo Trabalho / Social Benefit for Work Programme
PGR	Programa de Geração de Rendimentos / Income Generation Programme
WFP	World Food Programme
SDSMAS	Serviços Distritais da Saúde, Mulher e Acção Social / District Health, Women and Social Action Services
ILO	International Labour Organisation
ART	Anti-Retroviral Treatment
UNICEF	United Nations Childrens Fund

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# EXECUTIVE SUMMARY

The establishment of a structured Social Protection system that responds to peoples' different needs is part of the natural development of the rule of law. The Law on Social Protection, Law 4/2007 of 7 February, laid the legal foundations for this process, creating conditions for it to continue and advance.

In addition, despite Mozambique's socio-economic progress in recent decades, more recent trends show that not everyone is enjoying the same benefits from development. This situation creates new and complex challenges for actors responsible for assisting the poorest and most vulnerable people.

Given the needs of this group and the role of Basic Social Security, the Government approved Decree 85/2009 of 29 December, Regulations on the Basic Social Security Subsystem. Among other aspects, these Regulations establish a set of allowances that must be implemented gradually. The Government of the Republic of Mozambique felt there was a need to define a framework document indicating the main paths for the Basic Social Protection area in order to be better prepared to address the objectives established in the above-mentioned Regulations.

In Part I, the document starts by presenting information that provides a framework for the reasons behind this initiative. This is followed by a chapter containing a brief situation analysis in order to define better the necessities that have to be addressed by the Strategy. It includes the presentation of the country's socio-economic context that has important implications for Basic Social Protection responses.

The analysis highlights the vulnerability of households with elderly, disabled and chronically ill people, orphans and vulnerable children; food insecurity issues, malnutrition and seasonality in vulnerability patterns (associated in particular with dependence on subsistence agriculture and natural phenomena); issues related to gender and the role of HIV and AIDS in new vulnerability patterns.

The document summarises existing responses, including their legal framework. This description shows that there is currently a wide range of initiatives and presents some of their positive points, although also showing that there are still some weaknesses and gaps.

Before entering Part II, the purpose of chapter I.4 is to establish a bridge between the analysis of the starting point and the responses to be implemented, by summarising lessons learned and opportunities. In Part II the document presents the strategic component of the Strategy.

Among other important points, the vision and objectives warrant special mention. They incorporate the most relevant message of this document: the need to guarantee expanded basic social protection in order to ensure that the poorest and most vulnerable people are included in the country's development process, based on standards of effectiveness and efficiency and with stronger coordination processes.

The National Basic Social Security Strategy (ENSSB) also presents a set of fundamental principles for intervention in this area. In order to put these principles into practice and achieve the Strategy's objectives, and given the institutional foundations established by Decree 85/2009 of 29 December, the document presents key actions and implementation instruments to improve monitoring of implementation.

In conclusion, there is a point on the main financing issues, including a costing exercise for some of the main options, recognizing the importance of this aspect for expanding basic social protection coverage.

# I. BACKGROUND

## 1.1 Justification

The fight against poverty and support for the most needy people lie at the heart of the priorities of the Government of the Republic of Mozambique and as such the sustainable reduction of this poverty requires adequate social protection for citizens. Without this, it will be difficult for the benefits arising from economic growth and improvements in basic services to reach the most vulnerable population living in extreme and persistent poverty.

This concern is reflected in the Absolute Poverty Reduction Action Plan 2006 – 2009 (PARPA II) where assistance and the social inclusion of the most needy and vulnerable groups is an important element in reducing absolute poverty rates. This inclusion will boost the empowerment process for the most vulnerable people, ensuring their inclusion in the development process. By signing the 2006 Livingstone Declaration the Government reaffirmed its commitment to social protection.

As a member state of the African Union, Mozambique has adhered to the campaign to raise awareness in countries in the region about ensuring an allocation of a least 2% of GDP to the Social Protection area.

As part of its efforts to fight absolute poverty and recognizing the importance and need to protect its poor and vulnerable population, in 2007 Mozambique approved the Law on Social Protection (Law 4/2007 of 7 February) that structures social protection into three levels, including Basic Social Security. Based on the foundations established by the Law, the Government adopted Regulations on Basic Social Security (Decree 85/2009 of 29 December) that establish principles and norms appropriate to the Basic Social Security Subsystem.

Simultaneously, there is currently a profusion of initiatives that can legally fall under basic social security. This situation makes clear that a common instrument that provides guidelines for interventions in this area and a framework for integrated monitoring of the development, impact and costs of the different initiatives are needed.

The ENSSB follows the adoption of the Regulations on the Basic Social Security Subsystem, approved by Decree 85/2009 of 29 December, and a needs analysis that resulted in the definition of the main features and actions for basic social protection over the period 2010 – 2014.

## 1.2 Socioeconomic context

Mozambique has made remarkable socio-economic progress. Nevertheless, there are still important challenges as regards the need for social protection for its citizens, as shown by the following brief analysis.

The country has achieved substantial economic growth. Following cumulative economic growth of 62% between 1997 and 2002, since 2003 Mozambique has continued to achieve annual GDP growth of around 7%<sup>1</sup>. Between 1997 and 2002, overall monetary poverty levels fell by 15%, from 69% in 1997 to 54% in 2003<sup>2</sup>.

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<sup>1</sup> World Bank data

<sup>2</sup> Data from the Report on Well-being in Mozambique: Second National Assessment, based on the 2003 Household Survey.

Despite this growth, a large part of the population still faces considerable economic and social insecurity. It is clear that the improving economic indicators have not been reflected in similar poverty reduction rates. Other indicators illustrate this concern, such as low average life expectancy (42.4 years in 2006), low adult literacy (43.8%) and high malnutrition rates. In 2006, 24% of children aged between zero and five years had low weight for their respective age<sup>3</sup>.

### **Main causes of poverty and vulnerability in Mozambique**

- The rural population is dependent on subsistence agriculture (over 95% are peasant farmers) with low productivity (IFTRAB 2004/05)
- Exposure to shocks linked to natural disasters and climate change;
- Low employment levels (less than 5% of the economically active population has wage work in the formal sector).
- Fluctuating prices;
- The spread of HIV and AIDS (in 2004 prevalence nationwide was 16.2% among people aged 15-49 years);

Poverty and vulnerability are not internally homogeneous. Poverty and vulnerability levels vary according to household composition, socio-cultural factors (gender in particular) and location.

As regards household composition, larger households and those with higher dependency levels (containing proportionately more people physically unable to work) are more likely to be in the poorest population quintiles.

Extremely dependent households are those comprising only or mainly elderly, disabled and chronically ill people, households with only elderly people and children or households that are headed by children.

One relevant aspect when analyzing vulnerability is the growing impact of HIV and AIDS, which is increasing the number of economically active adults who are unable to work and need special treatment and care, including nutrition.

At the same time the number of orphans and vulnerable children and the number of households with high dependency levels is rising. According to the Report on the Demographic Impact of AIDS by the Multisectoral Technical Group to Support the Fight against HIV and AIDS there were some 1.6 million orphans in 2006. According to UNICEF estimates, AIDS alone was responsible for 626,000 orphans up to 2010.

One important impact of HIV and AIDS is the rising number of situations where elderly people are responsible for educating children. Given the weight of poverty among elderly people, this phenomenon can have a major impact on the education, nutrition, and health of these children.

Also with regard to children, one salient aspect is the information on chronic malnutrition (41% of children under 5 according to the 2003 DHS). This has an impact on infant mortality and morbidity and leads to reduced

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3 Data from DHS 2003. This phenomenon, in particular chronic malnutrition, has a profound individual and national impact, leading to a substantial rise in mortality and morbidity among children under five and limiting early childhood development, affecting school performance and attendance, the productivity of adults and the country's development.

early childhood development, affecting school performance and attendance, the productivity of adults and the country's development.

Gender issues also have an important influence on vulnerability and poverty. Households headed by women, especially those widows and in rural areas, are more likely to be poor (62.5% of female-headed households compared to 51.9% of male-headed households)<sup>4</sup>. These households have fewer resources and fewer income options, reflecting the inequality in gender relations in Mozambique that exclude women from access to resources and opportunities.

Another important aspect is the geographic issue. In general, poverty and vulnerability are more common and deeper in rural areas (55.2% rural poverty compared to 51.6% in urban areas and 20.4% compared to 18.9% in the depth of poverty). A more detailed analysis shows that certain districts and administrative posts in particular have higher risk factors and vulnerability rates (due, for example, to climate factors, access to markets, access to water etc).

Another factor to be considered when defining strategies is that vulnerability is seasonal. The vulnerability of both the household and the community is highly seasonal in Mozambique. The period between October and January, corresponding to the end of the dry and planting season, is usually associated with higher food insecurity levels.

In conclusion, despite important economic growth and the reduction in poverty in recent years, poverty and vulnerability are still substantial in Mozambique. Poverty and vulnerability situations include certain categories of people who are particularly affected, with no recourse to any other kind of assistance and who will find it difficult to break out of the vicious cycle of chronic poverty.

## 1.3 Legal and Institutional Context

In order to address the need to protect its citizens, the Government of Mozambique and other stakeholders have established a basic social protection system. This system has a legal framework and involves various institutions responsible for developing different social protection responses. A brief analysis of these aspects is presented below.

### 1.3.1 Legal context

The definition of citizens' rights in the Constitution of the Republic of Mozambique (Articles 35, 88, 89, 91 e 95) implies the need to establish a social protection system when it states that all citizens have the right to education, health and housing without any kind of discrimination, as well as protection when incapacitated and elderly.

Following the Constitution, Law 4/2007 of 7 February lays the foundations for the organisation of the social protection system in Mozambique. Article 6 of the Law establishes the Right to Social Protection for citizens irrespective of colour, race, sex, ethnic origin, place of birth, religion, level of education, social position, marital status of parents or profession. According to this Law:

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<sup>4</sup> Data from the Report on Well-Being in Mozambique: Second National Assessment, based on the 2003 Household Survey.

“The objective of social protection is to alleviate, to the extent possible given the country’s economic conditions, people’s absolute poverty, guarantee the subsistence of workers when they are unable or have limited ability to work, and their surviving family members when such workers die, and provide supplementary survival conditions”.

According to this law, the social protection system has three levels: a) basic social security, b) mandatory social security and c) complementary social security. Basic social security is defined as that covering all citizens who are unable to work, who have no resources of their own to meet their basic needs i.e. people in situations of absolute poverty, children in difficult circumstances, the elderly, the chronically ill and the disabled living in absolute poverty.

People unable to work can include those who are (i) physically unable to work (permanently or temporarily), as well as (ii) those without resources or opportunities to work or to meet their basic needs due to external factors such as social exclusion and absolute poverty itself and/or the impact of shocks (e.g. climate or market shocks).

The Law also establishes that basic social security takes the form of:

- a) Risk allowances (equivalent to social transfers that can be in cash or in kind for primary health protection and granting minimal allowances);
- b) Social support allowances (equivalent to the basic social service allowance, community development programs and projects that give beneficiaries opportunities to meet their own basic needs).

Decree 85/2009 of 29 December establishes that the Basic Social Security system has the following components:

- a) Direct Social Action , managed by the Ministry that oversees the social action area;
- b) Health Social Action, managed by the Ministry that oversees the health area;
- c) Education Social Action, managed by the Ministry that oversees the education area;
- d) Productive Social Action with management shared by Ministries that oversee social action, planning and development, agriculture, labour, public works and housing, and public administration.

## **1.3.2 Institutional Context**

### **1.3.2.1 Role of the Ministry of Women and Social Action and the National Institute for Social Action**

The Law on Social Protection establishes that Basic Social Protection is managed by the Ministry of Women and Social Action (MMAS) as stated in Article 39:

“Basic social security is managed by the Ministry that is responsible for the Social Action area, with participation by non-governmental entities with social purposes and other public administration services.”

The MMAS was created by Presidential Decree 13/2005 of 4 February that defines it as the “central state apparatus body that, in accordance with the principles, objectives, policies and priorities set by the Government, directs and executes policies on the emancipation and development of women and social action in the country”.

The MMAS is represented at provincial level by Provincial Directorates of Women and Social Action (DPMAS) and at district level by District Health, Women and Social Action Services (SDSMAS).

In order to carry out its mandate, in addition to the organisational units and resources that it manages directly, MMAS has a subordinate institution: the National Institute for Social Action (INAS). INAS is the executive arm of the policies, programmes and strategies defined by MMAS and, according to its Organisational Statutes approved by Decree 46/2005 of 22 November, it “provides social assistance to the most needy individuals and groups of individuals who are unable to meet their basic needs on their own.

INAS is represented throughout the country by 30 delegations that are responsible for implementing and supervising the institution’s various programmes. The DPMAS and SDSMAS coordinate this implementation at district level.

The main State’s social security responses are implemented by MMAS/INAS. They include:

- A. Direct social assistance programmes that focus on extremely poor people who are physically unable to work;
- B. Development Programmes that focus on people who are extremely poor but physically able to work;
- C. Social services providing institutional support to vulnerable people.

***A. Direct social assistance programmes that focus on extremely poor people who are physically unable to work:***

- **Food Subsidy Programme** – A national programme intended to relieve the subsistence difficulties of destitute groups or individuals who are temporarily or permanently unable to work and unable to meet their basic needs, by transferring cash benefits to programme beneficiaries, the target groups being the elderly, disabled and chronically ill.

### Key aspects of the PSA

- The Government of Mozambique's main basic social protection programme
- The only Basic Social Protection Programme created by a legal provision
- The State Budget proposal for 2009 allocated 403 million Mt for PSA, of which 277 million Mt in national funds and 125 million Mt in donor funding.
- It transfers between 100 and 300 Mt/month according to the number of dependent household members
- In 2008 there were 143,455 beneficiary households containing 287,454 individuals; planned coverage in 2009 was 172,000 households.
- Beneficiaries: the elderly (93.5%), the disabled (5.5%) and the chronically ill or people with degenerative diseases (1%)
- Positive aspects:
  - Improved health, nutrition, poverty level and social status of beneficiaries;
  - This regular and predictable cash support has enabled small investments in economic activities or for access to social services.
  - Alleviating the effects of HIV and AIDS in households where elderly people are responsible for orphans and vulnerable children.
- Less positive aspects:
  - Low coverage: less than 20% of households with elderly people, the programme's main target group<sup>5</sup>; the small amount of the subsidy given the current socio-economic reality.<sup>6</sup>

**Direct Social Support Programme (PASD)** – provides material support for destitute people needing ad hoc support, usually in the form of basic food, school materials for vulnerable children or household items. Beneficiaries are selected on a case-by-case basis. Support can be granted to individuals, households and institutions (e.g. residential care institutions, Old People's Homes).

5 If we consider official data, where over half the population is poor, and taking into account the fact an elderly person is in a particularly vulnerable situation, it is probable that over half the elderly are poor. In this case, the PSA covers less than 20% of the elderly poor - its main target group. The PSA covers an insignificant percentage of the disabled and chronically ill.

6 Studies that led to the establishment of the PSA showed that in order to have a greater impact, the subsidy should be set at 1/3 of the prevailing minimum wage. However, there has been no periodic adjustment of the amount to compensate for inflation and the current basic value of the subsidy (100Mt/month) is merely 1/10 of the current minimum salary.

### Key aspects of the PASD

- The State Budget proposal for 2009 contained 64,124.90 Mt for the PASD
- In 2008 it covered 24,224 households with a target of 19,402 for 2009
- Positive aspect: important assistance at times of acute shortage and in immediate risk situations for categories such as vulnerable children, the chronically ill and malnourished nursing and pregnant women.
- Less positive aspects:
- Inadequacy of ad hoc support and unpredictable situations of temporary shortages that require continuous assistance
- No harmonisation with other Government programmes and those of other partners
- It includes a response service for groups with different needs e.g. victims of ad hoc situations such as losing a home, as well as groups with other kinds of needs such as orphans.

### *B. Development programmes that focus on people who are extremely poor but physically able to work*

Development programmes include:

- **Social Benefit Through Work Programme (PBST)** – provides opportunities for access to employment for a specified period (18 months) in exchange for a monthly subsidy;
- **Income Generation Programme (PGR)** – provides the possibility of access to cash or loans for individuals or households to develop economic activities;
- **Community Development Programme (PDC)** – comprises funds granted to the community to build small-scale infrastructure such as health posts or mills etc

### Key elements of Development Programmes

- Planned budget for 2009: 44,454.70 Mt (PGR) and 34,321.95 Mt (PBST).
- Direct beneficiaries in 2008: 7,350 (PGR) and 6,275 (PBST).
- Most beneficiaries have been women: 80% in the case of PBST.
- Less positive aspects:
  - ▷ Low coverage: due to the limited budget these programmes are very small,
  - ▷ Overlapping with the objectives of other public programmes,
  - ▷ The income generation project is unsustainable (PGR),
  - ▷ Reimbursement problems when programmes involve loans (PGR),
  - ▷ Involvement in jobs compromised by the weak employment market (PBST),
  - ▷ Difficulties in the close management of projects linked to complexity and need to monitor them given the institutional organisation of INAS, its human resources available and their skills profile.

### ***C. Social services that target vulnerable people***

Social services that target vulnerable people comprise the following:

- **Social Units** that shelter vulnerable people who have been abandoned or marginalised (e.g. residential care institutions, Old People’s Homes, and Transit Centres for temporary assistance to the disabled). Public Social Units are managed by INAS that provides assistance in the form of the goods and products needed to maintain them; private units are run mainly by religious institutions.
- **Other social services**, public or private, managed or coordinated by the women and social action sector that receives target groups in institutions. These services include child day care centres and Community Preschools (for children of a preschool age), Children’s Shelters (for children of and on the street or vulnerable children) and Open Community Centres (for the elderly and other vulnerable social groups).
- Other sectors are also responsible for managing social services such as boarding schools and student hostels (Ministry of Education – MINED) and Nutrition Rehabilitation Centres (Ministry of Health – MISAU), Centres for the Rehabilitation and Social Reintegration of Drug Addicts (MISAU and MMAS), “prison schools” (Ministry of Justice).

#### **Key aspects of Social Services**

- **Services managed or coordinated by the women and social action sector:**
  - ▷ 34 residential care institutions: 7 public and 27 private,
  - ▷ 174 Assistance Centres for Children of/on the street managed by different religious institutions and civil society,
  - ▷ 25 Old People’s Homes: 11 public and 14 private,
  - ▷ 6 public Transit Centres,
  - ▷ 167 residential care institutions: 16 public and 151 private,
  - ▷ 568 community preschools.
- **Aspects to be improved:**
  - ▷ Low coverage: the services available are insufficient compared to needs,
  - ▷ No systematic mapping of services targeting vulnerable people that, crosschecking with vulnerability mapping, makes it possible to detect and prioritise coverage requirements and eventual duplication,
  - ▷ No up-to-date regulation and control/monitoring system.

#### **1.3.2.2 The role of other public institutions**

The Social Action Policy approved by Council of Ministers Resolution 12/98 of 9 April, envisages intervention by different Government and non-governmental sectors to assist the most vulnerable target groups.

In addition, Law 4/2007 of 7 February, the Law regulating social protection in Mozambique envisages intervention by other sectors, not just MMAS, to guarantee basic social security.

Consequently, some Government sectors, especially those in social areas but not excluding those in the productive area, have specific social assistance programmes for the most vulnerable groups that make a substantial contribution to basic social protection for their beneficiaries, as shown below.

### ***Health social assistance***

Decree 85/2009 of 29 December establishes that Health Social Action is managed by the Ministry that is responsible for the Health area.

There are a variety of health sector initiatives to promote access by poor and vulnerable people to its services. We shall not itemise them all but merely highlight the following:

- **Universal exemption** by the Ministry of Health (MISAU) in access to health services for certain categories of beneficiaries (pregnant and nursing women, children under 5) and for certain categories of illness including tuberculosis, leprosy, HIV and AIDS.
- MISAU is studying the launch of a **micronutrient supplement programme** for the following groups: pregnant and lactating women; children aged 6 to 24 months; adolescent girls (13 – 18 years) to prevent chronic malnutrition and anaemia problems;
- In collaboration with INAS and the World Food Programme (WFP), MISAU is analysing different options for providing, during the first six months of treatment a **“basic food basket”** for malnourished people receiving anti-retroviral (ART) or tuberculosis treatment. .
- MISAU is also analysing conditions for providing **support for maternity** when they give birth in public units.

### ***Education social assistance***

Decree 85/2009 of 29 December establishes that School Social Action is managed by the Ministry that is responsible for the education area.

The Constitution of the Republic establishes that Education is a right and a duty of all citizens. MINED has various initiatives to adjust the teaching process to the learning needs, styles and pace of all pupils. It has been taking educational development measures for pupils in general and those in basic education in particular, through a number of initiatives that include in particular the following

- **Abolition of fees** for primary education through Ministerial Diploma 228/04 of 1 December that establishes the provision of free schoolbooks for all basic education pupils in grades 1 to 7.
- The **Inclusive Schools Programme** that has been implemented in the country since 2000. Its main objective is to make regular primary schools more accessible for all children and young people with or without special education needs, including the disabled by (i) improving teachers’ pedagogical – didactic skills, (ii) increasing the academic success of all children and young people, irrespective of their learning difficulties and (iii) improving institutional management capacity.
- **Education for the Deaf Project**, to develop the education of deaf children and young people in order to improve their opportunities for access to education in their first language (sign language) in accordance with the school curriculum.
- The **Direct Support to Schools Programme (ADE)** provides direct subsidies for all public basic education schools to acquire school materials and help vulnerable children and the most needy girls. It is financed by FASE (Education Sector Support Fund).

- Boarding schools and hostels managed by MINED, for students who need accommodation in order to pursue their studies.
- **Programme to supply a meal** for children in primary education. This is a national programme although it does not yet cover all schools at this level (it covers 167 schools and 260,000 students). In addition to this programme, MINED is also providing food for students in boarding schools and hostels (for some 45,000 students).
- **The Education for Girls Programme, School Health Programme, the Inclusive Education Programme and the School Psychological Support and Counselling Service** are programmes that can also be grouped under education social action.
- **Child Friendly Schools Project** intended to create national capacity for activities that ensure that all children have quality education, especially the most excluded children. The project is being applied in complete primary schools in seven districts, benefiting directly pupils, teachers and communities.
- **Adult literacy programme** that can also be accessed by beneficiaries of social assistance programmes.
- Various donor-supported pilot social assistance initiatives for vulnerable children or girls in particular. However, these initiatives have lacked institutionalisation.

### ***Prevention and mitigation of emergency situations — INGC/MAE***

The National Disaster Management Institute (INGC) that replaced the former Directorate for the Prevention and Control of Natural Disasters (DPCCN) is under the Ministry of Public Administration. For many years the DPCCN and its international partners focused on responding to the frequent “emergencies” in Mozambique caused by natural disasters, usually through food assistance and kits that could include basic agricultural inputs such as seeds.

A new approach shows reflects the growing awareness that Mozambique suffers from frequent and to some extent predictable “natural disasters” as they are cyclical events. In this respect one of the objectives of the INGC Master Plan is “to reduce vulnerability to hunger due to drought”.

The current scenario opens up opportunities for a more coordinated link between emergency response and a more systematic response to vulnerability through basic social protection.

### ***Support for agricultural production and food security***

As most farmers in Moçambique produce for their own consumption, MINAG has an important role in food security, including for vulnerable people.

In emergency situations such as flooding and drought, MINAG and its partners have organised different forms of support for the people affected, including organising Seed Fairs. Through these fairs vulnerable farmers receive vouchers that they can exchange for basic agricultural inputs, in this case seeds, and this facilitates their access to farming inputs at subsidised prices.

### ***Public Works***

Through the Ministry of Public Works and Housing (MOPH), in particular the roads area, there have been various social assistance initiatives associated with public works. Priority for labour intensive programmes in the

construction or improvement of roads and other public infrastructure is mentioned in the Government's Five-Year Programme 2005 – 2009.

However, these initiatives are of an *ad hoc* nature and have not been institutionalised under a more comprehensive national programme.

### 1.3.2.3 Multi-sectoral initiatives

In addition to the basic social protection initiatives implemented by public entities, others are coordinated or implemented by public and non-public entities, in particular:

- The DPMAS, SDSMAS and INAS Delegations participate with other institutional partners in coordinating or implementing joint programmes to assist vulnerable people, for example: food and schooling support for vulnerable children in collaboration with UNICEF and WFP as well as support for people receiving antiretroviral treatment in collaboration with WFP.
- The Technical Secretariat for Food and Nutrition Security (SETSAN) is responsible for coordinating all actors (governmental and non-governmental) and activities for food and nutrition security. It should, however, be noted that SETSAN's mandate is limited to coordination and it does not have an executive role.
- The National Council to Fight HIV and AIDS (CNCS) has a mandate to coordinate the multi-sectoral response to HIV and AIDS in order to limit the spread of this pandemic and mitigate its impact in Mozambique.
- The National Council for the Advancement of Women (CNAM) has a mandate to promote and monitor the implementation of Government-approved policies and programmes for the women and gender areas, helping to eliminate all forms of discrimination against women. The Council, that is chaired by the Minister who is responsible for the women and social action area, has an Executive Secretariat comprising representatives of all ministries and public institutions as well as representatives of Civil Society Organisations working on women and gender.
- The creation of the National Council on the Rights of the Child and the National Council for the Disability Area should also be mentioned, entities for articulation and inter-sectoral coordination with the aim of supervising and promoting the implementation of policies and programmes for children and the disabled respectively.

### 1.3.2.4 Coordination

Decree 85/2009 of 29 December created the Coordination Council for the Basic Social Security Subsystem, an entity for inter-sectoral articulation in the implementation of this subsystem. It comprises the Ministers responsible for managing the subsystem's components and also representatives of public and private entities linked to the social action area.

In addition, the existence of the various above-mentioned coordination entities and mechanisms and other forums such as the National Council on the Rights of the Child, the National Council on Disability, the PARPA Social Action group or the Multi-sectoral Nucleus for Vulnerable Children has helped to create a basis for the coordination and harmonisation of basic social protection programmes.

Nevertheless, important challenges remain. These challenges include the current tendency to implement different programmes in parallel and without adequate coordination; no articulation between the response to emergencies and social protection programmes; no adequate database on the numbers and location of the different categories of vulnerable people or a centralised register of beneficiaries of the various social protection programmes, the kind of assistance they receive, and the gaps. These challenges are taken into account in this ENSSB.

## 1.4 Lessons learned and Opportunities

Based on Mozambique's experience of basic social protection it is possible to draw lessons and detect important opportunities for the design of the ENSSB.

### 1.4.1 Lessons learned

The regular transfer of income helps to reduce absolute poverty. Experience such as the PSA implemented by the INAS shows that the regular and predictable transfer of income enables beneficiaries not only to address their immediate needs but also to plan their lives better. It promotes socio-economic inclusion, enabling beneficiaries to access basic social services, increase their social status, preserve household productive assets, invest in small economic activities and increase household participation in the economy as consumers.

#### *Social transfer programmes must be institutionalised*

The multiplication of small-scale, short-term interventions based on irregular income transfers must be replaced by an integrated system that ensures the scale, sustainability and regularity of transfers, indispensable factors for a more efficient fight against poverty in the short and long-term.

#### *It is important to ensure the biggest impact of transfers*

Experience has shown that not only transferring funds regularly, but also an amount that is sufficient to meet the primary needs of the target groups, for example in terms of food and health, enables households to plan better and can have a positive impact on their standard of living.

These transfers can contribute to investments that have long-term effects, for example on the dependents of direct/primary beneficiaries. Such is the case of funds transferred to old people who are responsible for grandchildren because their parents have died. These amounts can be invested in their survival, avoiding the transfer of vulnerability situations from one generation to the next.

#### *The women and social action sector must focus its efforts on programmes where it has the biggest comparative advantage*

Given its institutional capacity and resource constraints, and given the scale of existing social protection needs, the women and social action sector will have to focus on priority programmes that fit its mandate and where it has the biggest comparative advantage over other institutions. These criteria indicate direct social assistance for people who are poor and without the physical ability to work, as the priority for the women and social action sector.

Shortcomings in the effectiveness and efficiency of development programmes mean that the implementation of this kind of programme must no longer be the direct and exclusive responsibility of INAS/MMAS.

#### *Simple eligibility mechanisms are the most efficient*

When defining mechanisms for identifying the potential beneficiaries of basic social protection programmes, existing administrative capacity must be taken into account. Experience in Mozambique shows that priority should be given to simple mechanisms; these have proved to be the most efficient.

In this respect the case of the PSA should be noted. It has shown that the eligibility of individuals, in this case the elderly, the disabled and the chronically ill, can be an effective entry point for benefiting the household in

general. Other criteria, such as the existence of orphans and vulnerable children or malnutrition situations could also be good indicators of household poverty.

In addition, coordinating eligibility for different benefits makes it possible to obtain efficiency gains in basic social protection (for example, linking access to PSA to access to other benefits).

***The response to food and nutrition insecurity requires the involvement of basic social protection***

Food and nutrition insecurity continues to be one of the biggest challenges in Mozambique. This suggests that a broader and more profound response will be needed to address the causes of this problem. The introduction of basic social protection responses, articulated and coordinated with interventions by other sectors, is thus essential.

***Civil society organisations are important partners in providing social assistance to the most vulnerable groups***

There is growing understanding of the need to delimit and clarify the range of interventions by on the one hand, entities responsible for defining, monitoring and evaluating policies and on the other hand, executing entities.

In the light of coverage difficulties and high administrative costs, Civil Society Organisations have already shown that they are important partners to ensure greater coverage by basic social protection programmes at the execution level.

However, for this to happen the role of these organisations must be clearly defined and mechanisms for coordinating their intervention need to be strengthened.

***The capacity of the basic social protection system must be strengthened***

Given both the particular complexity of the fight against major poverty and vulnerability situations and also the volume of these situations in the Mozambican context, the mission of the basic social protection system is an enormous challenge.

Given this challenge, the capacity of the basic protection system must be strengthened, starting with building its efficiency but also by mobilising more resources.

Coordination among the different actors in the system for more concerted action is certainly one of the fronts where there can be efficiency gains (see below) but it is also a mechanism for giving critical mass to interventions in terms of the resources involved.

In addition to coordination, building the capacity of institutions in this system is also vital.

In the case of MMAS/INAS there have to be substantial efficiency improvements in some areas, execution and administration in particular, and in the definition of funding mechanisms for programmes. Moreover, as MMAS/INAS is the institution responsible for coordinating the execution of basic social protection programmes, the sector's financial and human resources must be assessed as they are manifestly insufficient.

Although strengthening coordination and basic social protection institutions will certainly have positive implications for programmes, the design of these programmes is also an area that can be improved for the more efficient and effective use of resources.

### ***Better coordination is needed***

The proliferation of vertical programmes implemented by a variety of actors disperses resources and reduces the potential impact of programmes. Articulation and the search for complementarity between the different programmes will permit a more efficient and effective impact on beneficiaries.

## **1.4.2 Opportunities**

***The existence of a legal framework that clearly defines the institutional framework and responsibilities in the basic social security field such*** as Law 4/2007 of 7 February (Law on Social Protection) and Decree 85/2009 of 29 December (approving the Regulations for the Basic Social Security Subsystem), and also Decree 16/1993 of 25 August creating the Food Subsidy Programme provide favourable legal foundations for promoting greater Basic Social Security coverage.

### ***The existence of a growing knowledge base on poverty and vulnerability***

There are more and more instruments and analyses on poverty and vulnerability. At the same time these analyses are revealing that many factors linked to vulnerability and poverty are predictable (for example, drought and cyclical floods or population dependency rates). Under these circumstances it is increasingly possible to plan prevention and mitigation interventions to reduce poverty and vulnerability, with Basic Social Protection having a central role.

### ***The PSA as a solid basis for expanding basic social protection***

The PSA provides a solid basis for the evolution of more comprehensive and extensive basic social protection. Activities are already underway that make it possible to plan the expansion of coverage, reduce administrative costs and make the programme more effective.

Meanwhile, the PSA shows that by contemplating dependants in the amount of the subsidy the individual beneficiary (the elderly person, the disabled or the chronically ill) can be the entry point for benefiting the household in general. INAS experience in implementing the PSA as a Regular Income Transfer Programme could provide the basis for the possible establishment of other solutions involving expanded coverage to other vulnerable groups.

### ***INGC orientation towards reducing vulnerability to shocks***

The implementation of systematic seasonal income transfer programmes targeting people living in areas more susceptible to natural disasters reduces their vulnerability to external shocks. These programmes enable beneficiaries to retain their productive assets in order to overcome the impact of the shock or to make small investments to diversify their sources of income.

In this context, the growing INGC orientation towards reducing vulnerability opens up opportunities for improved coordination between emergency response activities and more systematic basic social protection activities. This will make it possible to strengthen the long-term impact of poverty reduction.

### ***Ongoing decentralisation policies***

Current decentralisation policies in Mozambique, promoting stronger budget and administrative capacity in the districts, could facilitate the implementation and coordination of basic social protection programmes, with greater flexibility and relevance at the local level.

### ***The existence of various coordination forums***

There have been important steps in the creation of coordination entities and forums, including the Government and its partners. They can be important instruments for strengthening the coordination of basic social protection programmes with consequences for the efficiency and impact of interventions.

### ***Growing partner interest in the basic social protection area***

This interest has taken effect in a series of important partnership initiatives between the Government, donors and civil society organisations. The existence of these partnerships and strengthening them could guarantee greater coverage and efficiency in basic social protection programmes.

### ***Basic social protection is already being developed by different governmental and non-governmental actors***

The existence of social action programmes run by other Government and non-governmental sectors such as for example, education, health, religious institutions, constitutes added value for strengthening different interventions in this area. These interventions reveal that each sector, according to its mandate, assumes responsibility for working for the more needy groups in the population and positive experience can be obtained to strengthen the basic social protection system.

### ***Growing recognition on the African continent that social protection makes an important contribution to development***

There is growing recognition that economic development can only be sustainable if it focuses on the person. A variety of forums on social development in the continent and in the region have stated that building the capacity of vulnerable populations, formulating development strategies, must emphasise guaranteed social protection for all. In addition, various countries have put into practice large scale social protection mechanisms for these groups, such as Social Pensions for the Elderly, social transfers for households with orphans and vulnerable children and social assistance programs linked to public works.

### ***New technologies***

Progress in new information technologies, payment systems and communication (such as smart cards and cell phones) could provide good opportunities for innovation to improve the coverage and efficiency (reducing costs) of mechanisms for providing basic social protection.

## II. NATIONAL SOCIAL SECURITY STRATEGY

### 2.1 Vision and Principles

#### 2.1.1 Vision

Basic social protection contributes to an inclusive society where development benefits the poorest and most vulnerable populations, participating in efforts to reduce poverty.

#### 2.1.2 Mission

To unify and guide the efforts of governmental and non-governmental actors in planning and implementing actions for the basic social security of the poorest and most vulnerable groups and individuals, so that it can contribute efficiently and effectively to reducing poverty and to the socio-economic development of the country.

#### 2.1.3 Principles

The ENSSB is led by basic principles that guide its objectives. These principles are described below.

##### **Universality principle**

All Mozambican citizens have the right to Social Protection (principle established in the Constitution of the Republic, the Law on Social Protection and the Human Rights Charter). The ENSSB must help all residents in Mozambique without access to Statutory Social Security to have access to a social protection mechanism.

##### **Progressive principle**

The country's current financial and institutional capacity to implement immediately this universality of rights is still limited. This reality means that priorities have to be defined and that comprehensive enjoyment of these rights must take place gradually over time.

##### **Equity principle**

People living in the utmost poverty and vulnerability are the preferential recipients of basic social protection. As this condition of greater poverty and vulnerability affects in particular women, children, the elderly and adults unable to work, the strategy gives preferential treatment to these groups.

##### **Inclusion principle**

The objective of basic social protection is not just to address the most immediate protection needs of the poorest and most vulnerable but also to create conditions for their inclusion as the best way to reduce poverty and vulnerability in the long term.

Promoting inclusion means fighting the different causes of these situations and in this fight regular transfers, guaranteeing access to basic services (health, education etc) and existing economic opportunities have an important role.

### **Multi-sectoral response principle**

As poor and vulnerable people face at one and the same time various dimensions of vulnerability the response must be harmonised and multisectoral. The ENSSB is based on planning and effective coordination among the various basic social protection components and the various social action mechanisms.

### **Efficiency principle**

The country's limited resources to ensure greater coverage by basic social protection programmes compared to needs make efficiency an important principle in this strategy. Minimising the administrative cost per beneficiary is fundamental, as rationalising resources makes it possible to expand basic social protection to other beneficiaries. Similarly, it is vitally important to ensure that basic social protection responses reach their recipients.

Planning, monitoring and learning based on experience are other important aspects of efficiency.

### **Solidarity principle**

Basic social protection is based on the principle of solidarity among citizens, with resources being transferred to those who are poor and vulnerable.

### **Subsidiarity principle**

This principle is intrinsically associated with decentralisation in that, whenever possible, tasks must be carried out by the authorities closest to the citizen. Central authorities must only have a subsidiary function, carrying out functions that cannot be carried out at a more decentralised level.

### **Participation principle**

The definition, implementation, monitoring and evaluation of a strategy is based on the involvement and responsible engagement of all parties interested in basic social protection, including representatives of beneficiaries, civil society organisations, cooperation partners and State entities.

### **Transparency and accountability principle**

The basic social protection system must be able to provide an appropriate response to the different information needs of the various relevant actors in basic social protection. The system's ability to do this is the basis for participation and its legitimacy in the eyes of these actors. Based on the principle of inclusion and participation, it is the duty of the ENSSB to envisage accountability to its beneficiaries and society in general.

## 2.2 Objectives, Intervention Areas and Key Actions

### 2.2.1 Objectives

The National Basic Social Security Strategy has the following objectives:

1. To increase the coverage and impact of basic social protection interventions for the poorest and most vulnerable.
2. To increase the efficiency of the basic social protection system.
3. To ensure the harmonisation and coordination of the various basic social protection programmes and services.

### 2.2.2 Intervention areas and institutional responsibilities

According to the Law on social protection and Article 4 of the Regulations on the Basic Social Security Subsystem, MMAS is responsible for managing this subsystem. Nevertheless, many other crucial stakeholders are involved in guaranteeing basic social security.

This chapter contains a general presentation of the various institutional responsibility areas, based on the definition of the different ENSSB intervention areas.

Based on Article 3 of Decree 85/2009 of 29 December, this Strategy is structured into four intervention areas with their associated specific institutional responsibilities.

#### 2.2.2.1 Direct Social Action

MMAS is responsible for coordination, with implementation by its subordinate institutions and civil society organisations, including religious organisations. Direct Social Action comprises:

##### a) Regular, unconditional social cash transfers

The PSA is currently the only regular non-contributory social transfer programme in Mozambique. The programme covers households with elderly, disabled and chronically ill people. There are other vulnerable groups that are not covered by any kind of regular transfer such as households with orphans and vulnerable children whose situation justifies a basic social security intervention. The best possibilities for establishing a social transfer system based on one or more allowances that respond to different vulnerable groups that are physically unable to work will have to be analysed.

##### b) Social transfers over a given period of time

This includes direct social assistance in the form of goods, foodstuffs and service payments for a given period in response to transitional vulnerability situations.

MMAS is responsible for granting this kind of assistance, through INAS, with interventions by Government partners, the health and education sectors in particular, and other non-governmental partners and religious institutions.

### c) **Social Action Social Services**

These services will be part of the services managed by MMAS, social services managed by other Government sectors such as health, education, justice, and services under the responsibility of other non-governmental actors.

MMAS will thus be responsible for the following:

- Managing the Social Services that it already manages (e.g. residential care institutions, Old People's Homes, Transit Centres);
- Covering and inspecting Private Social Units run by civil society organisations, religious institutions or other private entities;
- Creating other social units as needed;
- Providing assistance, when necessary, to social services run by other governmental and non-governmental actors.

MINED will be responsible for managing the social services that fall within its mandate.

MISAU will be responsible for coordinating the management of social services that fall within its mandate.

The Direct Social Action area must also include an intervention that guarantees access by the most vulnerable to their rights as citizens, such as the right to civil registration.

#### **2.2.2.2 Health Social Action**

This component will cover actions where the objective is to improve the health of the most vulnerable populations, in particular promoting access to basic health care.

MISAU is responsible for implementing Health Social Action in coordination with MMAS and its subordinate institutions.

#### **2.2.2.3 Education Social Action**

This component will cover actions where the objective is to enable the most vulnerable to participate in the education system.

MINED is responsible for implementing Education Social Action in coordination with MMAS and its subordinate institutions.

#### **2.2.2.4 Productive Social Action**

This component will comprise activities that promote the socio-economic inclusion of the most vulnerable people who are physically able to work. A National Productive Social Action Programme could be designed to integrate initiatives by different sectors.

Responsibility for coordinating this component should be shared by MMAS (and its subordinate institutions) and various other institutions such as MPD, MINAG, MOPH, the National Disaster Management Institute, the National Vocational Training Institute (INEFP) and District Authorities.

One of the MMAS roles in promoting the economic inclusion of the most vulnerable groups, such as access to micro-finance or the provision of vocational training services, should be to ensure that these people have non-discriminatory, and whenever possible preferential, access to instruments implemented by other institutions which replace direct implementation of programmes.

### **2.2.3. MMAS role in the implementation of the ENSSB**

The role of MMAS in implementation of the ENSSB can be summarised as follows:

**a) in the definition of policies and legal instruments:**

- ▷ Promoting and defining policies and the legal framework for protecting the rights of vulnerable people;
- ▷ Participating in planning productive social action programmes together with other institutions (MPD, MAE, MINAG, among others);
- ▷ Ensuring vulnerability mapping and a central record of basic social protection programme beneficiaries;
- ▷ Participating in coordinating basic social protection initiatives;
- ▷ Defining the Social Action Fund.

**b) in implementation through its subordinate institutions:**

- ▷ Implementing Direct Social Action programmes (through INAS);
- ▷ Coordinating implementation with other Government and non-governmental partners

**c) in coordination:**

- ▷ Coordinating the Council on the Basic Social Security Subsystem;
- ▷ Managing the operation of the Social Action Fund.

### **2.2.4 Key Actions**

**Objective 1: *Increase the coverage and impact of basic social protection interventions on the poorest and most vulnerable people:***

1. Extending coverage of the current Food Subsidy Programme to a growing percentage of households with people unable to work.
2. Revising eligibility criteria for the current Food Subsidy Programme based on the ongoing evaluations of the programme.
3. Analysing possible ways of providing social transfers to households with orphans and vulnerable children.
4. Ensuring a systematised mechanism for an annual review of the subsidy amount in order to ensure that its purchasing power is maintained (e.g. by indexing it to inflation).
5. Preparing a Social Map covering all Government and non-governmental social services for poor and vulnerable people.
6. Conducting a diagnosis of the institutional capacity of public social services that target poor and vulnerable people.
7. Developing and implementing a plan for expanding and improving the quality of social services for poor and vulnerable people (based on the Social Map, the diagnosis of institutional capacity and vulnerability mapping).
8. Developing a governmental and non-governmental Social Service Procedures Manual directed at poor and vulnerable people.

9. Reviewing the current Direct Social Support Programme, analysing the possibility of dividing it into two distinct interventions for situations of acute vulnerability requiring an intervention:
  - a. in response to situations caused by ad hoc shocks (e.g. funeral expenses) that imply one-off assistance;
  - b. in response to temporary vulnerability situations implying longer assistance (e.g. abandoned children).
10. Conducting a costing exercise for the different options.
11. Analysing the financing options and implementing them.
12. Developing and implementing an advocacy strategy to promote public awareness about basic social security.

These 12 key actions must be part of and be implemented under a Direct Social Action Operational Plan to be prepared as follow-up to this Strategy.

13. Creating a mechanism to ensure that the household members benefiting from Direct Social Action are covered by Ministry of Health exemption mechanisms.
14. Introducing a social transfer (cash or kind) for assisted childbirth in a public health unit.
15. Assessing the possibility of creating a systematic nutrition support programme for pregnant women, nursing mothers, children aged between 6 and 24 months and adolescent girls as well as malnourished people in the first six months of antiretroviral treatment.

These three key actions must be part of and be implemented under a **Health Social Action Operational Plan** to be prepared as follow-up to this Strategy.

16. Creating mechanisms to ensure that all children in households with Social Transfer Programmes benefit from Education Social Action support mechanisms.
17. Organising a study and implementing the respective recommendations on the possibility of guaranteeing expansion of the “school food support” programme to all primary schools and eventually to other levels of education.
18. Assessing and resizing the various school social assistance programmes and establishing the necessary complementarity with initiatives by other sectors.

These three key actions must be part of and be implemented under a Education Social Action Plan to be prepared as follow-up to this Strategy. It should take into account the various initiatives currently being implemented by MINED.

19. Designing and operationalising an inter-ministerial National Productive Social Assistance Programme in response to chronic food insecurity that is aggravated by structural shocks and risks and the impact of climate change (e.g. drought or unemployment), taking into account the following aspects:
  - a. Implementation of a District or Municipality Programme involving social assistance in exchange for planned work that benefits the community e.g. maintaining tertiary roads, cleaning ditches and works linked to water management;
  - b. Inclusion in the Programme of allowances for people able to work but with incomes below the poverty line. Transfers in rural areas could be seasonal and contribute to the beneficiaries’ food and nutrition security.
  - c. Promotion, under the Programme’s eligibility criteria, of the most vulnerable and marginalised people such as female heads of households, disabled who are able to work and people living with HIV and AIDS.
20. Creating and defining ways of financing and running the Social Action Fund.

21. Promoting mechanisms (e.g. through partnerships with specialist institutions) that ensure that the most vulnerable people have access to the promotion of income generation activities.
22. Ensuring a mechanism that guarantees access to civil registration services for all beneficiaries of Basic Social Security programs.

**Objective 2: Increase the efficiency of the basic social protection system:**

1. Establishment of a basic social security information system comprising the following:
  - a. Establishment of a system for regular analysis of vulnerability and poverty patterns and trends, linked to the planning cycle;
  - b. Creation of a national basic social security database containing records of beneficiaries of the various basic social security programmes, ongoing initiatives and expenditure;
  - c. Establishment of a monitoring system that permits an assessment of the performance - effectiveness, efficiency and coverage - of each basic social security programme;
  - d. Integration of updated social vulnerability mapping, led by MPD.
2. Design and implementation of a development plan for cadres that establishes mechanisms for building the capacity of the human resources involved in basic social security, especially in the direct social action area, in different fields.
3. Identify and establish partnerships with civil society organisations to test new ways of implementing PSB programmes with the aim of developing more comprehensive and effective methods;
4. Conduct a study and establishing mechanisms (including possible partnerships with the private sector) that permit greater geographical coverage of efficiency and increase the efficiency of Basic Social Protection programmes' distribution networks, including alternative payment solutions.

**Objective 3: Ensure harmonisation and coordination of the various basic social protection programmes and services:**

1. Create a harmonised mechanism for identifying beneficiaries of Basic Social Security programmes.
2. Record all basic social security beneficiaries in a National Social Action System.
3. Create conditions for the Coordination Council for the Basic Social Security Subsystem, responsible for guiding, monitoring and coordinating the Basic Social Security system, to function.
4. Analyse the best way of expanding the national coordination model to provincial and district levels and promote their implementation.

## 2.3 Costs, beneficiaries and funding options

As regards Government funding sources, the data show that approximately 0.9% of the 2009 State Budget was allocated to the Women and Social Action sector, with 0.4% of the budget for programmes run by the National Institute for Social Action.

Irrespective of the implementation mechanisms used and recognition of the need to expand social protection to more households and guarantee a bigger impact, this will not be possible if a substantial increase in the State Budget percentage currently allocated to social protection is not obtained.

Given the poverty and vulnerability in the country, as well as substantial additional pressures on the basic social security area due to demographic and social trends arising from, for example, phenomena such as the HIV and AIDS pandemic, it has been concluded that current budget allocations for the basic social security area are insufficient to ensure that needs are covered considering that the objective of the Strategy is to expand coverage.

If, for example, we analyse coverage by these Programmes of vulnerable groups such as the elderly, the disabled, the chronically ill, orphans and vulnerable children, and if we compare this with existing needs, it is not difficult to conclude that there has to be an effort to find solutions for the expansion of the basic social security funding base.

At the moment it is not possible to present a budget for all the Strategy areas as discussions on the various modalities will be part of the Strategy's implementation. It is, however, possible to present an estimate of targets and cost associated with the objectives of the Direct Social Action area and Productive Social Action, to give an indicative idea of the cost of extending the basic social security foreseen under this Strategy.

The calculations were based on macroeconomic scenarios for the period covered by the Strategy. They were based on projections by the Ministry of Planning and Development for the Medium Term Fiscal Framework 2010 – 2012. In the absence of post-2012 forecasts it was decided to anticipate that trends for the period presented in the report would be maintained.

As the amounts presented were discounted for inflation the formulation of scenarios automatically contemplates indexing the value of transfers to inflation in order to ensure that the purchasing power of beneficiaries is maintained.

The proposals presented are based on projections that anticipate continued substantial economic growth as well as a gradual rise in the total revenue available to the State Budget. However, the proposal implies a gradual rise in the percentages made available for this area in order to ensure that the economic growth process gives priority to people who are normally excluded from the benefits of economic progress, given their limited ability to participate in the process.

Budget projections for the Health and Education Social Action areas will be part of the Operational Plans for each of these areas.

### **2.3.1 Costing the Direct Social Action area and Productive Social Action**

Calculations of regular cash social transfers were based on two Strategy principles: on the one hand, the universality principle and on the other hand, the progressive principle. In other words, the objective of Social Protection guaranteeing coverage of all eligible potential was contemplated, but it was considered that budget constraints in the current state of Mozambique's economic development will not allow this objective to be guaranteed during the life of the ENSSB.

Based on the poverty and vulnerability analysis, the assumptions were coverage of a percentage of households containing elderly, disabled or chronically ill people and a percentage of households with children. The basis for calculating costs was the method used in the current PSA.

In the case of households with elderly, disabled or chronically ill people, it was assumed that the coverage objective at the end of the ENSSB implementation period would be 54% of households in this situation. The assumption of 54% is based on the latest official data on absolutely poor people according to the 2002 Household Survey. So in the next few years the target would be to provide cash transfers to some 523 thousand households containing elderly, disabled or chronically ill people.

**Table 1: Cash Transfers to Households with Elderly, Disabled and Chronically Ill People Component**

	2010	2011	2012	2013	2014
Beneficiary households	242,296	312,592	382,888	453,183	523,479
Amount to be allocated (million Mt)	668.74	862.75	1,056.77	1,250.79	1,444.80
% OE needed	0.72%	0.90%	1.05%	1.19%	1.31%
Elderly people benefitting directly or indirectly	300,447	387,614	474,781	561,947	649,114
Children benefitting indirectly	426,441	550,161	673,882	797,603	921,324

The impact of HIV and AIDS on our country has had immeasurable effects on the lives of children. In recent years there has been a substantial rise in abandoned orphans and vulnerable children who, because they have lost their parents, must look after themselves and their younger siblings. In some cases we have found that these children have received assistance or have been received by relatives or members of their communities.

This means that the Government must define comprehensive interventions that have a bigger impact on this target group.

It is thus proposed that cash social transfer be expanded to cover households with orphans and vulnerable children. The objective during the Strategy period is to integrate this target group into the systems of regular cash transfers with a target of 5% of households with children (and no elderly people) as a way of guaranteeing coverage of the more severe vulnerability situations in households with orphans and vulnerable children.

**Table 2: Cash Transfers for Households with Orphans and Vulnerable Children Component**

	2010	2011	2012	2013	2014
Beneficiary households	33,390	66,780	100,170	133,559	166,949
Amount to be allocated (million Mt)	93.26	186.51	279.77	373.03	466.29
% OE needed	0.10%	0.19%	0.28%	0.35%	0.42%
N° beneficiary children	101,766	203,531	305,297	407,062	508,828

These calculations do not have implications for the form these components could take: whether they will be included in a single Programme or whether they should involve two separate payment systems. The objective of these calculations is to analyse the cost of covering a certain percentage of these two groups.

The assumptions used to calculate the cost of Social Transfers for a given period (to address ad hoc emergency situations) were based on the amount for the current PASD implemented by INAS as indicated in the MMAS 2010 Economic and Social Plan. For the remaining years, it was assumed that the percentage allocated to the Programme will be maintained with only a rise in the amounts due to variations in State

**Table 3: Transfers for a Fixed Period**

	2010	2011	2012	2013	2014
Beneficiary households	28,360	29,306	30,776	32,115	33,512
Amount to be allocated (million Mt)	176,911	182,812	191,982	200,335	209,052
% of state budget needed	0.19%	0.19%	0.19%	0.19%	0.19%

In the case of Support for Social units, we used the same method based on the amount indicated in the 2010 MMAS Economic and Social Plan and Budget, considering that the budget percentage for this Programme will remain the same.

**Table 4: Support for Social Units**

	2010	2011	2012	2013	2014
Beneficiaries	2,175	1,990	2,159	2,253	2,351
Amounted to be allocated (million Mt)	40,743	37,275	40,450	42,211	44,047
% budget needed	0.04%	0.04%	0.04%	0.04%	0.04%

As the Productive Social Action Area is a new Programme, the objective will be to cover 5% of households with economically active members up to 2014 (about 219 thousand households).

Estimates were based on a hypothesis where the social transfer, which would take place once a year (corresponding to one month's participation in public works for community benefit), would be equivalent to 60% of the minimum rural wage, as a way of not acting as a disincentive to participation in the labour market. An administrative cost of 15% was considered<sup>7</sup>.

**Table5: National Productive Social Action Programme**

	2010	2011	2012	2013	2014
Amount to be allocated (million Mt)	44,93	89,86	134,79	179,71	224,64
% OE allocated to the Programme	0.05%	0.09%	0.13%	0.17%	0.20%
Beneficiary households	43,818	87,636	131,455	175,273	219,091

<sup>7</sup> It will, however, be necessary to consider that ways of implementing this Programme still need precise definition. These forms were only considered for cost simulation purposes.

In addition to the various interventions proposed under Direct Social action with the Productive Social Action area, the objective of the Strategy until 2014 would be to guarantee the allocation of funds equivalent to 2.16% of the State Budget.

**Table 6: Total Costs for the Direct Social Action and Productive Social Action Area**

	2010	2011	2012	2013	2014
Amount to be allocated (million Mt)	1,024.58	1,359.21	1,703.76	2,046.08	2,388.83
% budget to be allocated to Programmes	1.10%	1.41%	1.69%	1.94%	2.16%

### 2.3.2. Beneficiary households

**Table 7: Total beneficiaries**

	2010	2011	2012	2013	2014
Number of beneficiary					
households	350,039	498,304	647,448	796,383	945,382

The objectives of the ENSSB is for the various programmes to cover **945,382** households up to 2014, providing regular support (i.e. Cash Transfers for Households with Elderly Disabled and Chronically Ill people, Cash Transfers for Households with Orphans and Vulnerable Children and the National Productive Social Action Programme) corresponding to 20% of households (one fifth of households).

All these calculations were based on the calculation of the State Budget at constant prices (with 2009 as the base year), starting from the principle that the value of the various allowances is indexed to inflation.

### 2.3.3 Financing options

The need to allocate more funds to assist the most vulnerable populations raises the budget issue as an essential aspect in achieving the objectives proposed in the Strategy.

Given the budgetary needs indicated in budget terms as compared to the amounts currently provided by the State Budget, a variety of different funding solutions will have to be found to complement current State Budget efforts.

An analysis of current funding potential that is not limited to transferring funds from some sectors to others is relevant. There has to be an analysis of the potential in the country's economic scenario to find innovatively and sustainable long-term solutions.

As the calculations are only indicative, it will be necessary to use the final data from the 2007 census and data provided by the more recent Household Survey and the Multiple Indicator Survey. There will have to be an analysis of social vulnerabilities in order to obtain a more correct, up-to-date picture of the people currently potentially eligible for basic social protection programmes.

The Strategy contemplates the creation of a Social Action Fund to finance basic social security initiatives.

The possibility of financing through the Sector Support Group could also be assessed.

Opting for any of the alternatives will entail having a mechanism for the more efficient provision of basic social security services as rationalisation of administrative costs is required.

Given the characteristics of this kind of allowance one important aspect to be considered is the sustainability issue. In other words, irrespective of the solution found it is important to ensure that the **main source of funds** allocated to this area comes from the **State Budget**, particularly in the case of allowances for an undetermined period, as it must be guaranteed that irrespective of the availability of external funds, the Government is able to pay allowances.

## 2.4 Critical success factors

In order to achieve the Strategy's objectives a number of challenges have to be overcome. The determining factors include in particular:

- Raising the necessary funds to guarantee the expansion of transfers. The ability to arrange funds, whether from the State Budget or alternative sources, will be decisive for guaranteeing the expansion of the number of people covered by basic social protection as well as the impact of allowances. Innovative solutions will have to be found as an important factor in the success of the ENSSB.
- Increasing the operational capacity of the institutions implementing basic social security programmes is also a decisive factor in ensuring the success of the proposed objectives. Without this development, it will be difficult to implement the expansion process effectively and efficiently. There must be an important investment in this aspect, exploring the technical assistance capacity provided by partners.
- One of the strategy's innovative aspects is the establishment of stronger and structured relations between the different actors with responsibilities in the basic social protection area. The dynamics of collaboration between the various stakeholder actors and the ability to find more adapted and more efficient coordination mechanisms from the beginning of the Strategy's implementation will be essential for its success.
- Public perception of social assistance as a factor that promotes social and economic development is essential for ensuring the commitment of the different actors and has direct consequences in terms of funding and collaboration between them.





