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Additional document for information

“Mozambique Case Study:
Support to the National Response to the Rising Food Prices”

Agenda Item 2: Unstable Food Prices and the Linkage to Food and
Nutrition Security

Executive Summary

This Case Study is based on a Concept Note which was developed at the request of H.E. the President of the Republic of Mozambique and outlines the views of the United Nations Country Team (UNCT) in Mozambique in relation to the national response to the rising food prices in Mozambique, as well as efforts already underway. The case study looks at the context of rising food prices, the broader response of the UNCT, specific inter-agency nutrition activities, results to date, and some key recommendations.

The UNCT Concept Note follows a twin-track approach that calls on the one hand for an economic response to increase food availability and on the other hand a social safety net response to mitigate the impact of rising food prices on the most vulnerable. The preliminary options presented are expected to further inform the work of an inter-ministerial team put in place by the Government to lead the national response to rising food prices and may contribute towards aligning this response framework with and validating it against a number of international and regional initiatives regarding the current fluctuations in world food prices.

The economic track, led by FAO, concentrates on generating a short- and mid-term supply response to increase food availability and moderate price increases through a combination of trade and agricultural policy measures as well as the application of related production, marketing and processing instruments.

The social safety nets track, led by UNICEF, concentrates on the provision of targeted social protection interventions with a focus on highly vulnerable population groups and an emphasis on up-scaled coverage of existing social protection programmes that focus on minimising the impact of rising food prices and maintaining minimum access to food consumption, education, and health and nutrition.

1. Background

As a Low Income Food Deficit Country, Mozambique imports annually approximately 470,000 tons of wheat (100 per cent of internal demand), 320,000 tons of rice (75 per cent of internal demand) and 100,000 tons of maize (to satisfy maize demand in the South). These staple foods are consumed mainly in the urban areas, where the impact of transmitted international price rises will be more profound, while the staple foods produced in rural areas are maize (1.3-1.5 million MT) and cassava (5-6 million MT). Price rises of the latter staple foods are expected to be considerably lower, but may be attractive enough to generate a considerable supply response during the coming agricultural season(s).

Even in rural areas, where agricultural production is concentrated, recent data show that households are net buyers of food staples. In the Centre and South, almost 70 per cent of rural families are net buyers of maize. A majority in the Centre and South are also net buyers of rice, while in the North, half of the population is a net buyer of cassava. Thus, erratic food prices will affect negatively not only the poor urban households, naturally net buyers of food, but also rural ones. Such negative impact will be higher on poor families considering that they spend more on food and it will vary according to the income quintile and the location (Rural-urban: South, Centre and North) of the household – considering that household food expenditure patterns vary along these dimensions. It will also affect negatively women, who are the ones mostly responsible for food production and processing, and for meeting household needs given the limited wage earning opportunities in rural and urban areas. The nutritional status of poorer families, and children in particular, is severely threatened by this vulnerability. The degree of substitution of more expensive items for others locally available, such as cassava, will also matter in terms of the impact on poverty and food security in Mozambique. The impact in the rural areas, however, may be more differentiated as current price increases also offer attractive economic incentives to farmers to increase production

and market supplies, provided that access to information, inputs and markets does not further skew the distribution of economic benefits.

Apart from the potential social unrest created by erratic food prices, many of the recent gains made in terms of reducing absolute poverty at national level are being jeopardized by these developments in the context of the global financial crisis which puts household income under threat.

Preliminary results of the national vulnerability analysis and national market assessments conducted in October 2008 indicate that dramatic increases in the price of staple food items have further put an enormous strain on households that were already struggling to meet basic food needs. Preliminary results of a national vulnerability assessment as well as the urban vulnerability study in Maputo and Matola highlight that many households are resorting to extreme coping mechanisms in an effort to survive – which will have irreversible impoverishing impacts on families and children – such as asset depletion, removing children from school or reducing their daily caloric and nutrient intake. Poor health and nutrition at early ages can further have lasting effects on cognitive achievement, school attainment and productivity later in life.

In August 2008, the Ministry of Agriculture reported that the price of maize had risen an average of 102 per cent as compared to 12 months earlier – as high as 178 per cent in one province – while rice, beans and oil had also seen drastic price increases since 2007. Compared to the five-year average (2003–07), October 2008 maize prices remain roughly 60 per cent higher than normal. The assessment indicates that prices are not expected to drop before the next harvest in April/May 2009.

A key thrust of the UNCT response to the global crises is to generate and consolidate evidence to support the contextual analysis summarized above through vulnerability analyses and deeper economic research in both the formal and informal sectors of the economy.

2. National response framework

To date, the Government of Mozambique has approved a Food Production Action Plan for 2008-2011 with the dual objectives of eliminating the deficit of the most common food products over the three year period, as well as to reduce the national dependency on food imports. The core of this strategy is based on an increase in agricultural production and the commercialisation of agricultural products. The budget of the Action Plan is approximately US\$600 million, of which the state budget covers a little over 10 per cent. An inter-ministerial team was convened in early 2008 by the Government to lead the development of this plan, and to advise on other key areas of action.¹

In complement to the Government Plan, the recommendations of the UNCT in Mozambique (developed at the request of H.E. the President of the Republic) follow a twin-track approach: (1) an economic response that aims to increase food availability; and (2) targeted social protection interventions that provide a safety net for vulnerable populations.

Recommendations in the economic track, convened by FAO, concentrate on generating a short- and mid-term supply response to increase food availability and moderate price increases through a combination of trade and agricultural policy measures as well as the application of related production, marketing and processing instruments.

¹ The mentioned working group chaired by the Ministry of Planning and Development (MPD), and comprising representatives from the Ministry of Finance (MF), the Ministry of Industry and Trade (MIC), the Ministry of Transport and Communications (MTC), and the Ministry of Agriculture (MINAG).

Recommendations in the social safety nets track, convened by UNICEF, concentrate on the provision of targeted social protection interventions with a focus on highly vulnerable population groups. Emphasis is also placed on scaling up coverage of existing social protection programmes to minimize the impact of rising food prices and maintain minimum access to food consumption, education, health and nutrition.

More details on each proposed tracks of action are outlined below:

3. Track 1

Track 1 focuses on the following interventions:

- A thorough situation analysis and technical assessment covering trade, agricultural production and vulnerability mapping;
- A review of the Government Food Action Plan to include those elements that will have the greatest impacts;
- Support for the supply side (agricultural seasons) and introduction of new commodities (such as cassava); and
- The establishment of a monitoring system to inform future policy design.

An important complementary component of this track is the joint programme undertaken by WFP (convening/coordinating agency), FAO and IFAD, which aims to build commodity value chains and market linkages for farmers' associations. The overall objective of the intervention is to increase the income of small holders in rural areas and enhance their livelihoods. The expected result of this programme is that cereals and pulses will be purchased by WFP directly from small holder farmers organisations which will increase planting and production, injecting more food into the local market, as well as enhance the income of the small holder farmers producing excess crops. At output level, the specific results for the small holder farmer include improved concessional on-site storage facilities and post-harvest crop handling, as well as alignment with regional WFP food quality standards to improve the access of small holder farmers to the wider market.

The programme is based on strategies of partnership and strengthening the capacity of farmers' associations. Maintenance of, and alignment with WFP quality standards, whilst adapting tendering and logistics procedures to meet the needs of small holder farmers is an important set of strategies, at the same time the provision of credit of a medium to small scale nature will be an innovative component of this intervention. A number of NGOs support the associations on the supply side with business management.

Thus far WFP has been working with the Ministries of Agriculture, and Industry & Trade to identify farmers' associations in four high-production provinces, whilst IFAD is in the process of finalising a rural financing model through existing micro-finance institutions for use in the programme. FAO consultants are finalising appropriate manuals for post-harvest handling and warehouse management, together with training modules adapted specifically for small holders. WFP will be purchasing 2,000MT of commodities from small holder farmers organisations from the mid-2009 harvest, for use in WFP food assistance programmes, particularly for benefit of families affected by HIV/AIDS and orphaned and vulnerable children. These purchases represent a small portion of the US\$ 14 million of annual WFP food purchases within Mozambique (40,000 – 50,000 tons).

4. Track 2

Track 2 concentrates on the expansion and creation of targeted social protection interventions that provide a safety net for the most vulnerable. There are four areas of

intervention under this category of actions proposed for UN support: education, nutrition, social protection through cash transfer and social protection through in-kind assistance.

4.1 Education

Interventions in the area of education include the following:

- Continuation of the existing WFP food-for-education programmes;
- Incorporating longer term interventions for school feeding and supplementary nutrition in the School Subsidy Programme (ADE);
- Life-skills education as part of the curriculum; and
- Adult education to improve agricultural production methods.

Targeted interventions in education

Access to education in Mozambique has increased steadily in recent years. The number of primary schools increased from 6,495 in 1998 to 11,145 in 2007, with the number of pupils more than doubling from approximately 2 million in 1998 to 4.6 million in 2007. In secondary education, the number of schools increased from 87 in 1998 to 262 in 2007, with its students rapidly rising from 61,045 in 1998 to 323,500 in 2007.² The rise in food prices is however likely to impact negatively on attendance rates and quality of education, with long-term consequences for the country poverty reduction strategy and development goals.

A reduction in pupils' daily caloric and nutrient intake can lead to low school retention and achievement levels while drop-outs are likely to increase both in primary schools and in adult literacy programmes. As households might need to supplement their income, children could be removed from school (with a disproportionate impact on orphaned and vulnerable children as well as girls to be expected). Greater difficulty is also likely to be experienced in mobilising learners for adult education programmes. A possible reduction in the quality of teaching is also a concern as is teacher absenteeism with teachers themselves likely to be engaged in additional occupations to supplement family income.³ Finally the rising costs of maintaining food support to boarding schools might result in the closure of some of these facilities.

Short-term interventions (2008-2009)

The ongoing school feeding programme, implemented by the Ministry of Education and Culture (MEC) with support from WFP, currently provides support to 195,000 students in 172 primary schools. This initiative is also complemented by the provision of take-home rations to girls and orphaned and vulnerable children in schools in the centre and northern regions of Mozambique. Currently these initiatives contribute to increased attendance, improved performance and reduced drop-out rates (with a specific focus on further reducing the gender-gap in school attendance). Furthermore, WFP has been providing food to all boarding schools since 1977. Presently, there are 191 public boarding institutions which receive a limited budget from the Government, together with a minimum contribution from their students (boarding fees). A three-year (2007-2009) phasing out strategy was agreed upon between MEC and WFP for the removal of a total of 124 boarding schools from the programme by end 2009. Taking into account these existing programmes two complementary lines of action have been implemented for the short term:

- Continuation of the current school feeding programme in the primary schools already targeted and a slowing down of the phase out of the school feeding programme in secondary institutions in urban centres if required.⁴ The identification of further geographical areas for the implementation of a supplementary nutrition programme in

² MEC, Education Statistics 1998 – 2005 and Annual School Survey 2007.

³ This will further aggravate concerns around high staff turn-over.

⁴ Resources for the continuation of the school feeding programme in secondary institutions have not yet been budgeted.

schools together with a targeted programme for take-home ration will be crucial to further inform the expansion of these programmes.

- Support the Government to mobilise resources to continue food support in 39 boarding institutions where the support from WFP will be phased out in 2010.

Medium- to longer-term approach

The ongoing definition of MEC's Social Action Policy constitutes an opportunity to further develop the sector's strategy to provide support to the children most in need. A key component of MEC's strategy to increase enrolment with a focus on vulnerable children has been the *Apoio Directo à Escola (ADE)* programme initiated in 2003. The programme provides subsidies to schools, alleviating the cost of tuition fees on families and building school-community partnerships in the management of resources, with a functioning system for the disbursement of funds to all/vast majority of primary schools. In 2005, the Government introduced the idea of promoting vocational skills in agriculture while contributing towards improving the nutritional status of school children. However, there is still a need to further define the parameters of this intervention. In this context, six medium- to longer-term interventions are envisaged, namely: (1) finalise the Social Action Policy incorporating long-term strategy in school feeding and supplementary nutrition programmes; (2) increase subsidies under ADE; (3) design strategy for life skills in school curriculum; (4) clarify vocational-streaming of agricultural production methods; (5) develop communication strategy for adult learners and communities; and (6) formulate a strategy for the sustainable provision of food to boarding schools.

Co-ordination and partnerships

All actions will be conducted under the coordination of MEC, using the existing sector coordination mechanism and linkage to other related sectors. MEC's Task Force on Life Skills (chaired by the Permanent Secretary) will lead all the activities related to life skills as well as overall supervision of all the activities mentioned above. MEC's Cross-cutting Issues Working Group will support the finalisation of the Social Action Policy and development of a school feeding/social safety net investment plan. Partnership with national and international NGOs will be firmed up.

4.2 Nutrition

Interventions in the area of nutrition include the following:

- Scaling up existing nutrition rehabilitation and supplementation programmes;
- Scaling up ongoing community- and facility-based health initiatives to prevent deterioration of nutritional status; and
- Strengthening joint efforts to tackle increasing chronic malnutrition.

Targeted interventions in nutrition

Nutrition is a key area within the second track of policy options proposed by the UN family in Mozambique. The rationale for prioritising nutrition is based on the premise that rising food prices, while not the main driver of malnutrition, will affect nutritional outcomes both in terms of food availability and food choices. This impact is likely to take place especially in the poorest urban and peri-urban households which already lack food, as well as those affected by chronic food insecurity due to drought, the aftermath of flooding and HIV/AIDS. As women are usually responsible for food production and processing, they are severely impacted by the rising food prices. Regarding food availability, some households may resort to decreasing overall food intake, which may lead to increasing wasting and underweight

rates among young children.⁵ In terms of food choices, the assumption is that households will opt for a diet poorer in vitamins, minerals and protein, shifting to more affordable but less nutritious foods. As a consequence, vitamin and mineral deficiency rates⁶ may increase, which can lead to increased morbidity and mortality and reduced work output and learning performance.

The measures presented below are therefore a combination of programmes aimed at mitigating the impact of the rising food prices on nutritional outcomes as well as specific interventions that aim to prevent the deterioration of the nutritional status of children and their families (for children, these encompass interventions such as vitamin A supplementation, deworming, vaccination and MUAC screening and the promotion of improved infant feeding practices).

The interventions have the following objectives and aim to contribute to:

- reduction of acute malnutrition of children, pregnant and lactating women, HIV patients and other vulnerable groups;
- reduction of chronic malnutrition of children under two years of age;
- reduction of micronutrient deficiencies; and
- improved knowledge management, and monitoring and evaluation.

Short-term interventions (2008-2009)

Mozambique is already implementing programmes to address acute malnutrition and micronutrient deficiencies. Building on the ongoing programmes, in 2008 and 2009 the following interventions are being strengthened and scaled up:

- **Supplementary feeding programme** implemented jointly by the Ministry of Health (MoH), WFP and UNICEF for moderately malnourished children from 24 to 48 districts⁷;
- **Management of severe acute malnutrition (SAM)** in inpatient (147 sites in 138 districts) and outpatient settings (115 sites in 86 districts) in all provinces (MoH with UNICEF and NGO support);
- Nationwide vitamin A supplementation, deworming, vaccination and MUAC screening through bi-annual **National Child Health Weeks (NCHW)**⁸ (MoH with UNICEF and NGO support);
- Promotion and support for **improved infant feeding practices** through health facilities and in the community, with emphasis on exclusive breastfeeding for the first six months of life (MoH with WHO, UNICEF and NGO support);
- Design of **integrated support for nutrition rehabilitation** and prevention interventions for children under two years of age and pregnant and lactating women; and
- Provision of general and **supplementary food rations to AIDS patients** (MoH with support from WFP and NGOs in 58 sites in 45 districts in 7 provinces).

⁵ In Mozambique, the latest national data - the 2006 vulnerability baseline conducted by SETSAN - shows wasting at 4.5 per cent and underweight at 20.5 per cent, with stunting at 46 per cent.

⁶ Deficiency rates in Mozambique are already high – 69 per cent of children 6-59 months old suffer from vitamin A deficiency, and 75 per cent of children and 48 per cent of mothers suffer from anaemia (2002 MOH study).

⁷ Reference document is the *MISAU/PMA/ UNICEF Acordo Tripartido, Programa de Reabilitação Nutricional – Componente Suplementação Alimentar, April 2008-April 2009*. Other plans are being made to initiate supplementary feeding for malnourished children in 23 districts in three more provinces.

⁸ The National Child Health Week (NCHW) is a new strategy initiated in 2008, with the first round taking place in March-April 2008 and the second in August. In 2008, the NCHW includes MUAC screening, routine vaccination, Vitamin A supplementation, deworming, iodine supplementation in selected districts (1st round only), measles vaccination (2nd round), mosquito net distribution (2nd round).

Nutrition and related health interventions are at the heart of the UN Development Assistance Framework (UNDAF) in Mozambique, and are also integral components of national frameworks including the PRSP and the Health Sector Plan. Based on these frameworks, IHP partners, particularly the UN family have been able to play a catalytic role in the sector wide fora. The UN system, specifically UNFPA, UNICEF, WFP and WHO have been requested by the Minister of Health to assume a support role to the Government in further expanding nutrition interventions over the last year – with UNICEF convening the UN partners in support of the national response. In addition, the UN – led by the Resident Coordinator – has undertaken high-level advocacy with the Ministry of Finance and other key line ministries as well as other multi-lateral and bi-lateral co-operation agencies on the importance of an increased focus on nutrition.

The Ministry of Health, WFP and UNICEF have signed a tripartite agreement in 2006 to establish a supplementary feeding programme for malnourished children and their families. Malnourished children are diagnosed at the Ministry of Health facilities and enrolled into a programme of nutritional support providing both for the needs of the child and for his or her family. This programme has been expanded from the previous 24 districts to reach 48 districts, focusing on larger urban centres as well as emergency-affected districts. Along with the 23 new districts in a separate WFP initiative, the total number of districts for supplementary feeding in 2008-2009 will be 71, in all provinces. The total population of these districts is 13.7 million, of whom 2.25 million are children in the target age group of 6-59 months. It is estimated that, cumulatively, up to 20,000 moderately malnourished children will be reached each year (2008 & 2009). In addition, therapeutic feeding has been expanded to cover almost every district in the country. The programme is now available in 147 inpatient and 215 outpatient sites.

The implementation strategy, set out in the tripartite agreement, remains the same in the eight provinces with WFP providing the supplementary food to the provincial or district health authorities and the latter being responsible for logistics. In the three new provinces to be covered to reach the entire country, logistics is supported by the Ministry of Health and the same technical approach is used– i.e. screening and diagnosis of malnourished children is conducted in the health facilities and the supplementary food is also provided through the health facilities. Community-based MUAC screening and referral is contributing to the identification of more cases, and the bi-annual MUAC screening exercise during the National Child Health Weeks is an important additional tool introduced to identify children in need of support. By April 2009, the Ministry of Health, WFP, UNICEF and partners will conduct a formal evaluation of the programme and make recommendations regarding its future direction. It is also proposed to conduct a feasibility assessment and develop a proposal to initiate local production of Corn-Soya Blend or ready-to-use supplementary food (RUSF), which would be more amenable to health system delivery.

The second branch of the strategy is the consolidation and expansion of the outpatient, community involvement and nutrition education components of the nutrition rehabilitation programme. The outpatient management of malnutrition, using ready-to-use therapeutic food (RUTF), currently operational in 115 health facilities that also offer anti-retroviral treatment (ART) services, is being expanded to all 215 health facilities in 141 districts which offer ART by April 2009. It is estimated that up to 15,000 acutely malnourished children and up to 8,000 malnourished adults, including malnourished pregnant women, will be reached in the first year. Capacities of health staff are being built using the integrated manual on nutrition rehabilitation⁹ and in use of the supplies and equipment that is being provided. Community involvement in mobilisation, screening, referral, follow up and nutrition education, currently being introduced in Nampula Province, is being gradually expanded to all provinces, starting in selected districts. The protocol for malnourished adults (focusing on AIDS and TB patients, patients admitted to medical wards and pregnant women) is being introduced in a phased manner in all target facilities. Pregnant women are screened using MUAC in the

⁹ *“Manual de Orientação para Reabilitação Nutricional”*, MISAU, 2008 – (currently awaiting final approval and dissemination). The nutrition rehabilitation programme includes inpatient treatment of complicated cases, outpatient treatment, community involvement, supplementary feeding and nutrition education and demonstration.

ante-natal care services. Moreover, local production of RUTF is in the process of being established in Mozambique and by early 2009 locally produced RUTF should be available.

The provision of general and supplementary rations as part of the care and treatment services for patients with AIDS is being consolidated and strengthened in the current 58 sites in 46 districts in seven provinces of the south and centre of the country. In the three provinces where the new care and treatment initiative is commencing, 23 ART sites in 23 districts are targeted. A total of up to 36,000 AIDS patients and 20,000 women and children in the PMTCT services will be reached in 69 target districts in these programmes, planned to run for the next three years. Nutritional food supplements and treatment support rations form an important component of this support. At the same time, the feasibility and capacities of Government and local NGOs and CBOs to deliver general food rations is being assessed in detail. In addition, the feasibility of local production of a ready-to-use supplementary food (including an improved and repackaged Corn-Soya Blend), more amenable to health system distribution, will be assessed.

Lastly, the UN response includes support to the Ministry of Health to respond to the ever-increasing levels of chronic malnutrition among children. The need for a more integrated nutrition rehabilitation (including the provision of appropriate food supplements) as well as preventative nutrition support, particularly for children under two together with pregnant and lactating women is central to the UN support to the Ministry of Health. The response plan includes clear criteria for nutrition support interventions, it determines the basic nutrition packages for each of the targeted groups and seeks opportunities for both facility and community-based delivery systems.

Medium- to longer- term approach

To complement the short-term interventions outlined above, medium- to longer- term interventions are also being scaled up by the Ministry of Health with support from the UN and other partners. Two rounds of National Child Health Weeks took place in April and August 2008 and are proposed to continue in 2009 as part of the Government's Health Sector Plan. The National Child Health Weeks aim to reach all children under five with a package of nutrition and health services, including micro-nutrient supplementation and MUAC screening of nutrition status. In each round, up to 3.5 million children under five were reached. Results of the National Child Health Weeks in 2008 are outlined below.

- **Nutrition screening:**
 - Over 2.4 million children were screened during the National Child Health Weeks in April and October 2008;
 - 12,000 moderately malnourished children have been provided with Corn Soya Blend; and
 - 11,000 severely malnourished children have been provided with nutritional rehabilitation therapy.
- **Vitamin A supplementation:**
 - 2.8 million children between 6-59 months received vitamin A supplementation (over 80 per cent) during the National Child Health Week in April 2008; and
 - 3.3 million children between 6-59 months received vitamin A supplementation (over 95 per cent) during the National Child Health Week in October 2008.
- **Deworming:**
 - 2 million children were de-wormed (almost 70 per cent) in the first National Child Health Week in April 2008; and
 - 2.8 million children were de-wormed (almost 95 per cent) in the second National Child Health Week in October 2008.
- **Anti-retroviral treatment:**
 - 36,000 Patients on ART receive a nutritional support package; and

- 20,000 women and children on the PMTC programme receive a nutritional support package.

Co-ordination and partnerships

The lead institution for the planning, implementation and monitoring of the nutrition response is the Ministry of Health, coordinated by the Directorate of Health Promotion and Disease Control. Other Government institutions involved are the Technical Secretariat of Food Security and Nutrition (SETSAN) and the National Institute of Statistics (INE). The key UN partners include WFP, UNICEF and WHO, and NGO partners include HKI, EGPAF, PSI, Save the Children, World Vision, Health Alliance International, World Relief, Food for the Hungry International, MSF, Samaritan's Purse and the Red Cross.

4.3 Social protection through cash transfers

Interventions in the area of social protection through cash transfer include the following:

- An immediate 25 per cent increase in the current cash transfer programme, targeting the urban poor;
- Medium-term expansion of the current cash transfer programme to universal coverage for 550,000 elderly, which would reach an estimated 2.3 million vulnerable people of whom half would be children; and
- Immediate implementation of urban employment programmes targeting 7,000 young people in Mozambique's two largest cities.

Intervention in the area of social protection through in-kind food assistance includes the following:

- An immediate 50 per cent increase in food assistance programmes for orphaned and vulnerable children and chronically ill people.

Interventions targeting highly vulnerable groups

The interventions presented below for the expansion of targeted cash transfer programmes and food assistance to highly vulnerable groups have taken into account regional data indicating that social protection measures (with a focus on unconditional cash transfers) constitute an important policy instrument for poverty reduction and development promotion. Data from South Africa, for example, has demonstrated that a combination of cash transfers, including child benefits and social pensions has resulted in a 23 per cent reduction in poverty levels.¹⁰ Recently, a study carried out by the Ministry of Planning and Development in Mozambique, with the support of the United Nations, also indicated that the new scale of the Programa Subsídio de Alimentos (PSA) that came into effect in January 2008 (100 to 300 Mt) has a potential impact in the reduction of the squared poverty gap of 5.73 per cent in 2008.¹¹

Given the rise in food prices, it is proposed that existing governmental social assistance schemes be scaled up, with a focus on the PSA implemented by the Ministry of Women and Social Action (MMAS) and complemented by an expansion of food assistance with WFP support to those vulnerable groups not directly targeted by the PSA.¹² The PSA makes monthly cash disbursements (depending on the size of the household) to extremely poor

¹⁰ Research Review on Social Security Reform and the Basic Income Grant for South Africa, M. Samson, O. Babson, C. Haarmann, D. Haarmann, G. Khathi, K. MacQuene, I. van Niekerk EPRI Policy Report 31, European Policy Research Institute and International Labour Organisation, 2002.

¹¹ Expandir o programa de Subsídios Financeiros em Moçambique Simulação de custos e benefícios de cenários alternativos, Ministério do Plano e Desenvolvimento e UNICEF, 2007.

¹² Orphaned and Vulnerable Children as well as chronically ill individuals and their families.

individuals unable to carry out productive activities.¹³ The programme is currently reaching 129,000 direct beneficiaries a majority of which are elderly. A recent study carried out by INAS in Maputo Province and City indicated that more than half of these beneficiaries (60 per cent) are currently caring for at least one orphaned children which is an estimated 73,000 vulnerable children.

The PSA is the only governmental programme (non-contributory transfers) with legally established implementation guidelines¹⁴ and is presently undergoing a process of consolidation with the technical support of bi-lateral donors and the United Nations¹⁵ as well as an expansion in line with targets set out in PARPA II. The programme further presents the advantage of being geared towards a target group which is easier to reach (the elderly) and for which social assistance enjoys higher levels of social acceptance. The choice of the PSA as one of the two essential mechanisms for response, together with food assistance, has also taken into account research in the region showing that the elderly often use cash transfers for productive activities as well as to support household members (in particular children). According to an econometric study carried out in South Africa employment rates for household members of “active age” were 8 per cent to 15 per cent higher for those households receiving a transfer than for those where no transfer was received.¹⁶ This situation results from the fact that additional cash increases the risk-taking ability of younger household members in the search for better paid employment. On the other hand, including cash transfers as part of the solutions to this issue enables an increase in the purchasing power of the poorest without creating a distortion in domestic incentives to the increase of agricultural production and without reducing the income of the poorest sellers of agricultural produce.¹⁷ Finally, the cash amounts received by PSA beneficiaries are often used to reinforce the productive capacity of the household and can stimulate local and community level economic activity. Data from South Africa establishes a correlation between cash transfers and the expansion of micro-enterprises as well as other types of family-based economic activity.¹⁸

On the other hand, given the need for a progressive expansion of the PSA due to existing capacity constraints, complementary measures such as the scale up of food assistance and the reformulation of in-kind support to highly vulnerable households are also explored with a focus on urban areas (more likely to be affected by the rise in food prices). Food assistance will be a critical aspect of the response especially for highly vulnerable individuals, not directly targeted by the PSA (chronically ill as well as orphaned and vulnerable children). The establishment of a sustainable mechanism for the provision of food assistance in the long term will be an essential component of the response, strengthening coping strategy in a context where extreme weather as well as import dependency can heighten vulnerability.

Short-term interventions (2008-2009)

- In 2008, immediate **increase by 25 per cent in amounts disbursed** monthly under the Programa Subsídio de Alimentos and a progressive targeting of the programme’s expansion to those areas most affected by price increases (focus on urban areas).
- **In-kind support** made up of a package of materials and scaling up food assistance to highly vulnerable groups.¹⁹

¹³ PSA target groups are the elderly, chronically ill, people with disabilities. The objectives of the programme are to (i) provide direct assistance to individuals permanently unable to work; (ii) create minimum conditions to satisfy the needs of target groups in a situation of extreme poverty; and (iii) provide psycho-social support.

¹⁴ Regulation 16/93 of 25 August 1993.

¹⁵ The strengthening of this programme is currently one of the priority areas of UN Joint Programme on Social Protection involving MMAS, MITRAB, UNICEF, WFP and ILO. A MoU for the consolidation of the PSA is currently being negotiated between GoM, DFID, RNE, ILO and UNICEF.

¹⁶ Samson, M. “The Social and Economic Impact of South Africa’s Social Security System, Economic Policy Research Institute

¹⁷ Rising food prices: Policy options and World Bank Response, (World Bank)

¹⁸ Barrientos, A. and Holmes, R. 2002 “Non contributory Pensions and Social Protection”, Issues in Social Protection, International Labour Organisation.

¹⁹ This support will be programmed in the context of the Programa Apoio Social Directo implemented by MMAS and of the food assistance programme whose implementation is also coordinated by MMAS with WFP support

Medium- to longer-term approach

- Taking into account that increases in food prices are expected to be maintained until 2015, it is proposed that the PSA transfer be made universal for all elderly people of more than 60 years of age from 2010 onwards (with an initial focus in urban areas).
- Support a long-term capacity building strategy to ensure MMAS can progressively take over the management of food assistance (including the mapping and costing of interventions as well as support to policy development as new sector strategic plans are developed for 2010).
- In the longer term, it is also recommended that the **development programmes** currently implemented by MMAS be **re-structured** to ensure the participation of individuals of “active age” in economically productive activities, through seasonal and regular mechanisms, increasing their capacity to cope with risks.²⁰

Taking into account the need to continue with the institutional capacity building process currently underway at the National Institute of Social Action (INAS) it is recommended that the PSA be universalised with the aim of reaching all elderly people above 60 years old. In spite of the higher costs of this intervention (US\$55 million annually) it remains affordable and sustainable at 0.59 per cent of GDP and is expected to result in a significant decrease of the squared poverty gap (10.4 per cent). It is proposed that the universalising of the programme take place progressively. This change in approach will also result in a streamlining of selection procedures and reduction in the programme’s administrative costs.

Furthermore, it is important to consider that Social Protection also targets individuals that are able to engage in productive activities. As such, establishing a programme that could provide access to recurrent/seasonal income could be considered in the future. Such a programme could focus on the construction, rehabilitation and maintenance of infrastructures in rural areas (roads, irrigation systems) during periods when little agricultural work is required. This program could promote the linkage between a social protection mechanism (associating cash payments with capacity building and improving the access to other services), with the need to find new funding and institutional arrangements (community-based maintenance contracts) to ensure the sustainability of road investments and maximize its long-term impacts.²¹ Given the complexity of the design and implementation of such programmes, this measure should be considered only as part of longer term solutions.

Co-ordination and partnerships

Given that the PSA is implemented directly by the National Institute of Social Action it is proposed that the operationalisation of the present recommendations be aligned with ongoing initiatives to consolidate the PSA in collaboration with DFID, the Netherlands Embassy and UN Agencies.

For both the cash transfer and food assistance components, the PARPA Group for the area of Social Action, serves as the basis for the creation of a coordinated sector support mechanism (SWAp), in order to expand key programme areas in line with the above recommendations. The scope of work of the PARPA WG will also include food support to ensure complementarity of activities and a coordinated strategy, as well as the development of coordinated budget planning instruments for the area of social protection (integrating all the mechanisms defined in Law 4/2007).

²⁰ INAS is already engaged with the technical assistance of ILO in the analysis of a possible reformulation of the programmes Benefício Social pelo Trabalho, Desenvolvimento Comunitário e Geração de Rendimentos.

²¹ World Bank. Beating the Odds: Sustaining Inclusion in a Growing Economy. A Mozambique Poverty, Gender and Social Assessment, February 2008.

5. Key recommendations

Some of the key recommendations for the Government and its partners in the coming year in Mozambique are outlined below:

- Continue to further expand a strategy of integrated Accelerated Child Survival and Development through the National Child Health Week from covering one third of the country to covering half the country.
- Address chronic malnutrition with greater focus through expansion of the following:
 - Maternal nutritional and food support;
 - Breastfeeding promotion and support;
 - Micro-nutrient supplementation e.g. sprinkles;
 - Complementary Feeding; and
 - Nutrition education for adolescents.
- Further expand the response to acutely malnourished children, pregnant and lactating women as well as the HIV patients.
- Further improve existing linkages among UN agencies, for a more integrated, comprehensive approach in each component of both tracks.
- Support the realisation of costing exercises to better operationalise proposed social protection measures and engage in budget advocacy work.
- Continue to engage in high level advocacy for increased fiscal space, particularly with regards to targeted social protection interventions to provide a safety net for the most vulnerable.
- Leverage greater resources in order to sustain the expansion of the nutrition response and the social protection response, both within government and from partners.
- Provide technical support to the Ministry of Health to develop a Nutrition Strategy and to the Ministry of Women and Social Action for a Social Protection Strategy moving beyond the UN agencies to bring together all partners.

6. Timeline of actions

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NUTRITION

SUPPLEMENTARY FEEDING PROGRAMME

implemented jointly by the Ministry of Health (MoH), WFP and UNICEF for moderately malnourished children from 24 to 48 districts.¹

MANAGEMENT OF SEVERE ACUTE MALNUTRITION (SAM) in inpatient (147 sites in 138 districts) and outpatient settings (115 sites in 86 districts) in all provinces (MOH with UNICEF and NGO support).

Nationwide vitamin A supplementation, deworming, vaccination and MUAC screening through bi-annual **NATIONAL CHILD HEALTH WEEKS (NCHW)**¹ (MOH with support from UNICEF and HKI).

Promotion and support for **IMPROVED INFANT FEEDING PRACTICES** through health facilities and in the community, with emphasis on exclusive breastfeeding for the first six months of life.

Provision of **GENERAL AND SUPPLEMENTARY FOOD RATIONS** to AIDS patients by WFP partners and other NGOs in 58 sites in 45 districts in 7 provinces.

Technical support provided to the MoH to provide timely **GROWTH MONITORING DATA and HKI** will provide support to implement the sentinel surveillance programme as part of its ongoing programme.

Technical support provided to the **VAC** to address the possible impact of rising food prices in its assessments and surveys.

CLOSELY MONITOR THE IMPACT OF FOOD PRICES AND GLOBAL FINANCIAL CRISIS, AND DEFINE ADDITIONAL SCALE-UP OF THE ABOVE MENTIONED PROGRAMMES.

EDUCATION

SCHOOL FEEDING PROGRAMME in the primary schools already targeted and a slowing down of the phase out of the school feeding programme in secondary institutions if required.¹

Support to the **GOVERNMENT TO MOBILISE RESOURCES TO ADDRESS FOOD NEEDS IN BOARDING INSTITUTIONS.**

Support the Government to finalise the **SOCIAL ACTION POLICY**, incorporating long-term strategy in school feeding and supplementary nutrition programme in primary and secondary schools.

INCREASE SUBSIDIES UNDER ADE to target children from the poorest households and those suffering from malnutrition, especially girls.

Support the Government to design appropriate strategy for **LIFE SKILLS** in school curriculum, for both formal and non-formal education.

Develop a **CURRICULAR STREAM ON FOOD PRODUCTION** and nutrition for middle and high school students.

Support the Government to clarify **VOCATIONAL-STREAMING OF AGRICULTURAL PRODUCTION METHODS** linked to life skills in post-primary education.

Support the Government to formulate a strategy to secure resources to cover the **PROVISION OF FOOD TO ALL THE 124 BOARDING INSTITUTIONS** after the WFP phasing out process is completed.

SOCIAL WELFARE

INCREASE IN THE PSA SCALE BY 25% TO REACH 120,000 DIRECT BENEFICIARIES AND 880,000 INDIRECT BENEFICIARIES (HALF OF WHICH ARE CHILDREN) AND SCALE UP OF FOOD ASSISTANCE

Increase in the PSA from Mt 100 - 300 to Mt 125 - 375 will cost **US\$14 M in 2008 up to US\$ 19M in 2010**. US\$6 M more than the existing scheme in 2010 (US\$ 9 M in 2008, US\$13M in 2010). **0.16% of GDP in 2010.**

Reduction in the squared poverty gap - 7% in 2008 (5% in the current scheme) and **8.8% in 2010** (7% in the current scheme).

Scale up of food assistance to cover 50,000 orphaned and vulnerable children and 62,500 chronically ill individuals and their families (US\$18 million annually).

Expansion of the PSA to 200,000 DIRECT BENEFICIARIES AND 1 MILLION INDIRECT BENEFICIARIES (HALF OF WHICH ARE CHILDREN) AND SCALE UP OF FOOD ASSISTANCE

US\$19 M in 2008 up to US\$ 23M in 2010. US\$10 M more than the current scheme in 2010. **0.27% of GDP in 2010.**

Reduction in the squared poverty gap - 8% in 2008 (5% in the current scheme) and **11% in 2010** (7% in the current scheme).

Scale up of food assistance to cover 50,000 orphaned and vulnerable children and 62,500 chronically ill individuals and their families (US\$18 million annually).

UNIVERSALISING THE PSA (ELDERLY OVER 60) 560,000 DIRECT BENEFICIARIES AND APPROXIMATELY 3 MILLION INDIRECT BENEFICIARIES (HALF OF WHICH ARE CHILDREN) AND SCALE UP OF FOOD ASSISTANCE

US\$55 M in 2010. Phased expansion with a focus on urban areas (provincial and district capitals) for a maximum of 559,756 beneficiaries. US\$42 M more than the current scheme. **0.59% of GDP in 2010**. The current scheme is expected to cost 0.15% of GDP in 2010.

Reduction in the squared poverty gap - 10.4 % in 2010 (7% in the current scheme).

Implementation of a long-term capacity building strategy for the provision of food assistance by MMAS.

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