

Republic of Mozambique  
Study for Poverty Profile (Africa)

Final Report

March 2011

Japan International Cooperation Agency (JICA)

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Mitsubishi UFJ Research and Consulting Co. Ltd.

## POVERTY INDEX

	Basic data					
	Year	Population, total (million)	Population growth (annual)	GDP, PPP (billion US\$)	GDP per capita PPP (US\$)	GDP growth (annual)
Mozambique	2008	20.747	2.7	18.3	885.2	6.8

Source: IMF, World Economic Outlook Database April 2010

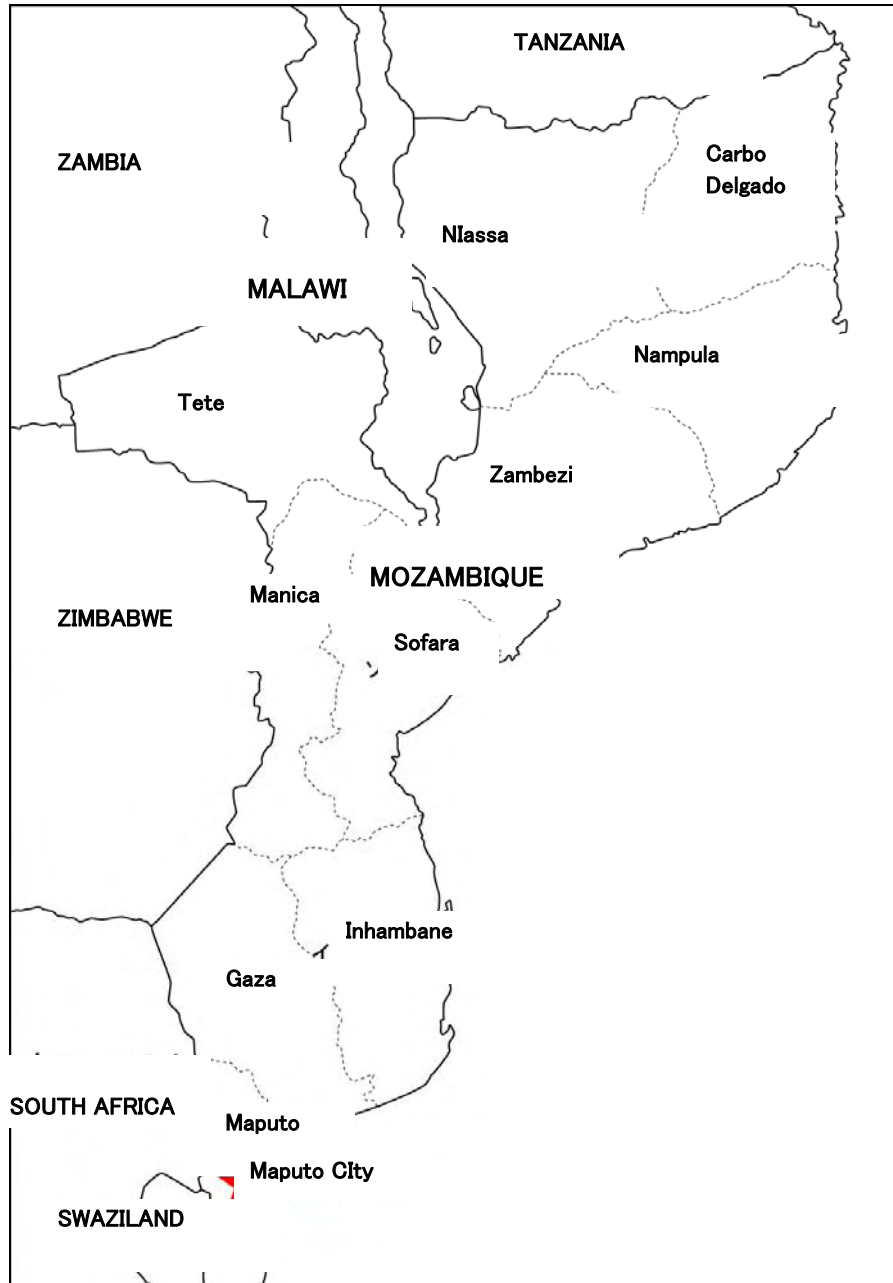
Population growth rate is data in 2007. Source: MPD (2010) "Understanding Poverty and Well-being Mozambique: Third National Poverty Assessment"

GDP growth rate data in 2009 Source: Republic of Mozambique (2010) "Report on the Development Goals"

Poverty				Inequality			
Poverty Incidence (%)			Poverty Gap Index (national)	Source	Survey Year	Gini Coefficient	Year
National	Urban	Rural					
54.7	49.6	56.9	21.2	POVERTY AND WELLBEING IN MOZAMBIQUE: THIRD NATIONAL POVERTY ASSESSMENT	2008/09	0.414	2008/09

Source: Third National Poverty Assessment (2010)

## NATIONAL MAP

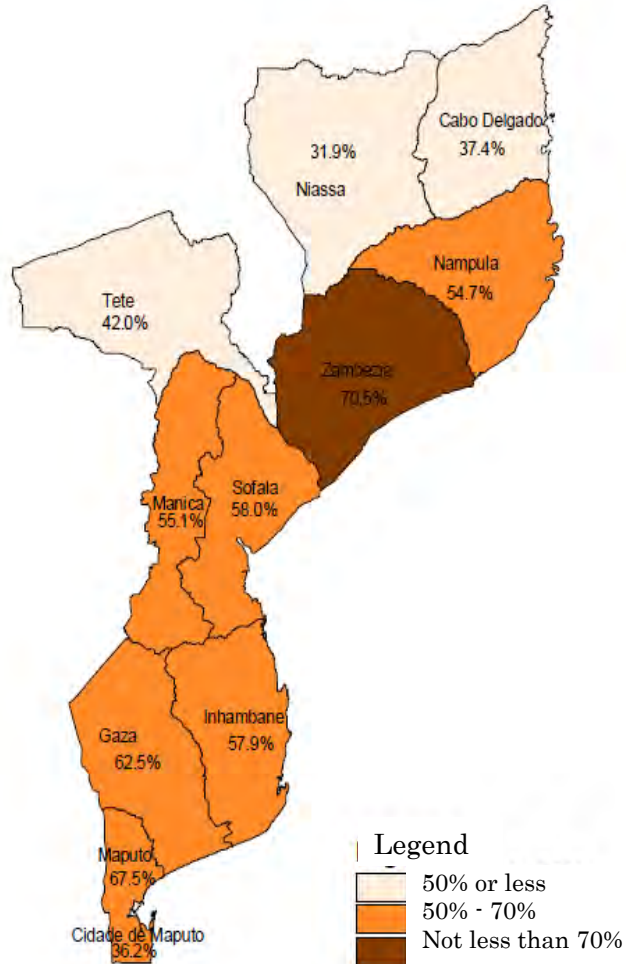


Source: Ministry of Foreign Affairs "aid program according to Mozambique"

## **SOCIAL INDICATOR MAP**

## POVERTY RATE

Incidence of poverty by province in 2009 in Mozambique

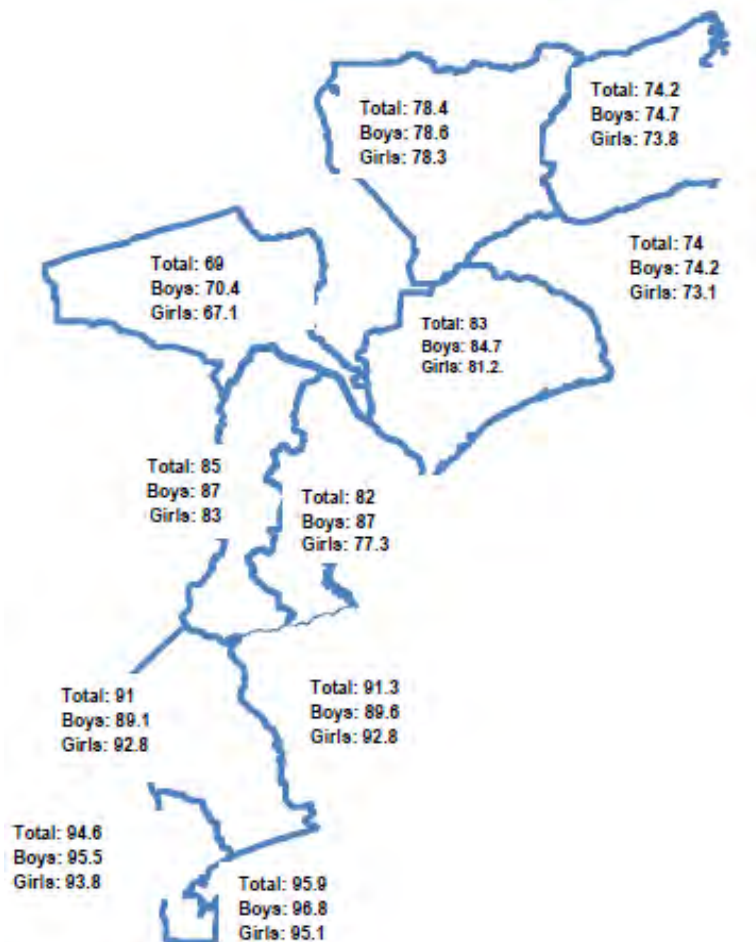


**National Average: 54.7% (2009)**

Source: UNDP (2010) Report on the Millennium Development Goals

## SCHOOL ATTENDANCE by province [6 to 12 years olds]

Net EP enrolment rate for 6-12 year old children, by province in 2008



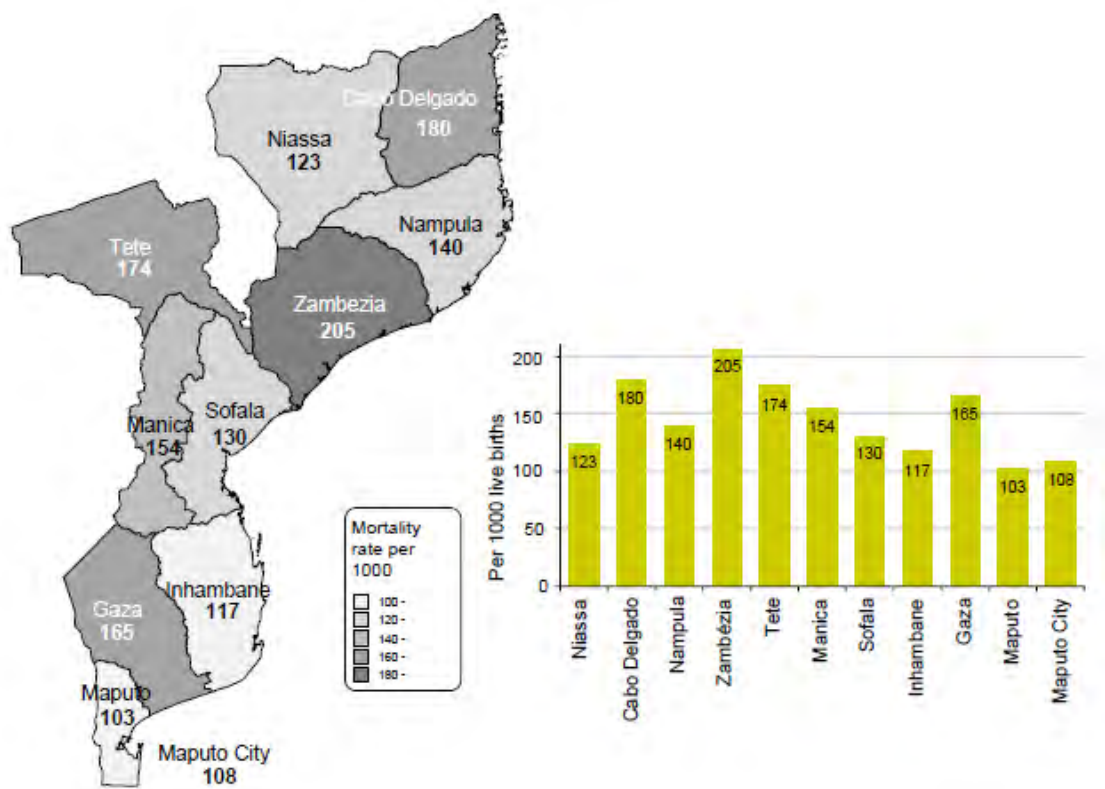
National Average: 81% (2008)

Source: UNDP (2010) Report on the Millennium Development Goals

## INFANT MORTALITY RATE (for the past ten years)

(death toll per 1 000 persons) aged 5 and under

Under-five mortality rate by province (average in 10 years prior to the survey)

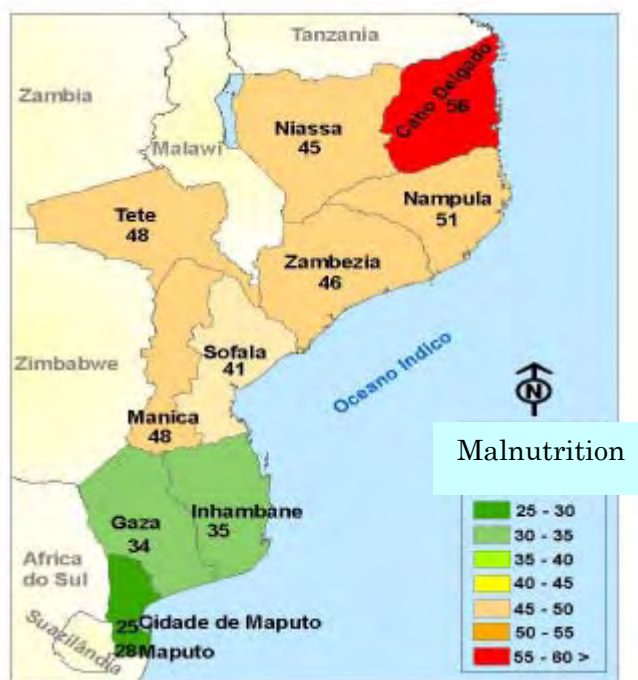


National Average: 138 (2008)

Source: UNDP (2010) Report on the Millennium Development Goals

**CHRONIC MALNUTRITION:** infants aged 5 years and under

Percentage distribution by province of the prevalence of chronic malnutrition in children five years and under in Mozambique, 2008



National Average: 43.7% (2008)

Source: UNDP (2010) Report on the Millennium Development Goals



## ROAD NETWORK IN MOZAMBIQUE



Source: African Development Fund

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## ABBREVIATION TABLE

AfDB	:	African Development Bank
ARV	:	Antiretroviral
CBN	:	Cost of Basic Needs Approach
CGAP	:	Consultative Group to Assist the Poor
CSI	:	Coping Strategy Indicator
DAC	:	Development Assistance Committee
DNEP	:	National Directorate of Studies and Policy Analysis
DNDPR	:	National Directorate of Rural Development and Promotion
ESAN	:	Food and Nutritional Security Strategy
ESSP	:	Education Sector Strategic Plan
EU	:	European Union
FDI	:	Foreign Direct Investment
FELIMO	:	Frente de Libertação de Moçambique(英 : The Liberation Front of Mozambique)
G-20	:	Group 20
GBS	:	General Budget Support
GDP	:	Gross Domestic Product
GII	:	Gender Inequality Index
GNI	:	Gross National Income
HDI	:	Human Development Index
HIPC	:	Heavily Indebted Poor Countries
IDC	:	International Development Cooperation
ILO	:	International Labor Organization
IMF	:	International Monetary Fund
INAS	:	National Institute of Social Action of Mozambique
INE	:	Instituto Nacional de Estatística (英 : National Statistical Institute of Portugal)
JBIC	:	Japan Bank for International Cooperation
JICA	:	Japan International Cooperation Agency
IFTRAB	:	Labor Force Survey
MCC	:	Millennium Challenge Corporation
MDGs	:	Millennium Development Goals
MDM	:	Mozambique Democratic Movement
MoU	:	Memorandum of Understanding
MPD	:	Ministério da Planificação e Desenvolvimento (英 : Ministry of Plan and Development)
NGO	:	Non-governmental Organization
MICS	:	Multiple Indicator Cluster Survey
NWP	:	National Water Policy
ODA	:	Official Development Assistance
PAF	:	Performance Assessment Framework
PAPA	:	Food Production Action Plan
PAPs	:	Program Aid Partners
PARP	:	Action Plan for the Reduction of Poverty
PARPA	:	Action Plan for the Reduction of Absolute Poverty
PEDSA	:	Strategic Plan for Agricultural Development
PES	:	Plano Económico Social
PESS	:	Plano Estratégico Sector Saúde

PO	:	Poverty Observatory
PROAGRI	:	Programa Nacional de Desenvolvimento Agricultura
PRSP	:	Poverty Reduction Strategy Paper
RENAMO	:	Resistência Nacional Moçambicana
SWAps	:	Sector-Wide Approaches
UNDP	:	United Nations Development Programme
UNFPA	:	United Nations Population Fund
UNICEF	:	United Nations Children' s Fund
WB	:	World Bank
WFP	:	World Food Program
WHO	:	World Health Organization

## **I. National poverty information and basic information**

### 1.1 Data for poverty analysis

The National Directorate of Studies and Policy Analysis (DNEP) in Ministry of Planning and Development (MPD) is designated as the authority to take charge of setting poverty lines and monitoring the poverty situation in Mozambique. One of the main tasks of MPD is to analyze the poverty situation based on data and information collected by the Household surveys<sup>1</sup> of the Instituto Nacional de Estatistica (INE) every five years and various data source collected by donor organizations. The analysis has been technically assisted by research institutions. MPD has published three reports since the end of Civil War and the recent report, “Understanding Poverty and Well-being in Mozambique: Third National Poverty Assessment” was published with the collaboration of University of Copenhagen in October 2010. This study aims at understanding the poverty level in Mozambique over a dynamic time line, identifying the people living in poverty and finding the background of it. Thus, in addition to the field trip to Mozambique, the study makes use of the following publications (published by the Mozambique government), “Understanding Poverty and Well-being in Mozambique” and “Report on the Millennium Development Goals”. Moreover, the study refers to various statistic data posted in INE web site, “Multiple Indicator Cluster Survey” of UNICEF, “Comprehensive Food Security and Vulnerability Analysis” of WFP, World Economic Outlook Database of IMF and other available data.

### 1.2 National Poverty Information

#### 1.2.1 Macroeconomic Indicators and Poverty Indicators

The macroeconomic indicators and the poverty related index of Mozambique are as follows:

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<sup>1</sup> INE has conducted surveys three times in 1996/97, 2002/03 and 2008/09. It was changed its name to Household Survey in 2008/09.

Table1-1 Macroeconomic indicators and a poverty related index (1999-2010)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Real GDP (million US\$)	6,597	5,417	4,607	4,404	4,666	5,302	5,627	5,645	5,917	6,686	6,442	5,748
Nominal GDP (million US\$)	4,567	4,183	4,074	4,204	4,666	5,698	6,579	7,215	8,121	9,943	10,085	9,836
Per capita GDP (US\$)				260.4	256.9	301.6	334.5	352.8	398.2	476.9	453.8	
GDP growth rate (%)			12.3	9.2	6.5	7.9	8.4	8.7	7.3	6.8	6.4	
Inflation rate (%)		11.4	21.9	9.1	13.8	9.1	11.2	9.4	10.3	6.2	4.2	16.6
Current balance (1 billion U.S. dollar) <sup>2</sup>	-0.615	-0.697	-0.649	-0.869	-0.817	-0.607	-0.761	-0.773	-0.785	-1.179	-1.171	-1.391
Current balance versus GDP ratio (%) <sup>3</sup>	-13.47	-16.65	-15.93	-20.67	-17.31	-10.66	-11.56	-10.72	-9.67	-11.89	-11.92	-13.61
Population (thousand) <sup>4</sup>	17,299	17,691	18,071	18,483	18,791	19,167	19,551	19,942	20,340	20,747	21,162	21,585
Population growth rate									2.7			
Less than poverty line population (thousand)					9,900						11,700	
HDI <sup>5</sup>		0.224	n/a	n/a	n/a	n/a	0.263	0.266	0.270	0.275	0.280	0.284
It is life expectancy at the time of birth.		44.3	45.0	45.6	46.3	46.7	47.1	47.4	50.7	51.6		
The poverty gap index of people who live for 1.25 dollars or less per day												
Poverty gap index				20.5						21.2		
Gini coefficient				0.415						0.414		
Adult literacy (%)					46.4					49.7		
The number of HIV/AIDS infected persons										1,600,000	1,600,000	1,700,000
Gender unequal index										0.718		

Source: Real GDP, nominal GDP, current balance, and current balance versus GDP ratio and population are from "World Economic Outlook Database" of IMF.

Per capita GDP, a GDP growth rate, an inflation rate, and adult literacy are from Republic of Mozambique (2010) "Report on the Development Goals".

The population below a population growth rate and a poverty line, a poverty gap index, Gini coefficient is MPD (2010)"Understanding Poverty and Well-being Mozambique. : Third National Poverty Assessment"

HDI and a gender unequal index are from Republic of Mozambique (2010) "Human Development Report".

Life expectancy and the number of HIV/AIDS infected persons are INE homepages at the time of birth.

### 1.2.2 Basic Information

The following is the basic social information for Mozambique, and its features:

#### (1) National Territory:

Area is 799 390 square meter. It is divided into three areas; north, central, and south.

- Carbo Delgado, Niassa, and Nampula provinces belong to the north area
- Zambezia, Tete, Manica, and Sofala provinces are in the central area
- Inhambane, Gaza, Maputo and Maputo city are in the south

<sup>2</sup> The IMF World Economic Outlook Database 2010: The data in 2009 and 2010 is predicted figure.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> For more details, please refer to <http://hdrstats.undp.org/en/countries/profiles/MOZ.html>



(2) Geographical Information:

Mozambique is located at 12 degree south latitude and longitude 40 east.

(3) Religion<sup>6</sup>:

- 28.4 percent Christian
- 17.9 percent Muslim
- 15.5 percent Jewish
- 6.7 percent non-religious
- 18.7 percent others

(4) Poverty Index:

The Mozambique government has set up the original national poverty line (3.1.1 reference for details). The globally accepted definition of poverty is to live below 1.25 dollar per day. This definition is not commonly used in Mozambique.

(5) Population:

In 2010, the population was 21 585 000. In 2007, the population growth rate was 2.7 percent. The largest province is Nampula with a population of approximately 4 million. A unique phenomenon in Mozambique is slow urbanization. The population ratio of the capital city, Maputo to total population has fallen from 6. percent in 1997, 5.4 percent in 2007 and 5.1 percent in 2011 as Table 1-2 indicates. A feature of the population of Tete province (which produces coal) is that it is increasing.

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<sup>6</sup> Census (2007)

Table1-2 Population by Regions and Provinces (1997-2011)<sup>7</sup>

	Population (1,000 persons)			Share (%)		
	1997	2007	2011			
National	16,070	20,631	23,045	100.0	100.0	100.0
North	5,251	6,931	7,708	32.7	33.6	33.4
Center	6,729	8,824	9,993	41.9	42.8	43.4
South	4,090	4,876	5,344	25.5	23.6	23.2
Niassa	808	1,213	1,415	5.0	5.9	6.1
Cabo Delgado	1,380	1,634	1,764	8.6	7.9	7.7
Nampula	3,063	4,084	4,529	19.1	19.8	19.7
Zambezia	3,096	3,894	4,327	19.3	18.9	18.8
Tete	1,226	1,807	2,137	7.6	8.8	9.3
Manica	1,039	1,438	1,672	6.5	7.0	7.3
Sofala	1,368	1,685	1,857	8.5	8.2	8.1
Inhambane	1,157	1,304	1,402	7.2	6.3	6.1
Gaza	1,116	1,236	1,320	6.9	6.0	5.7
Maputo Province	830	1,225	1,444	5.2	5.9	6.3
Maputo City	987	1,111	1,178	6.1	5.4	5.1

Source: INE

<http://www.ine.gov.mz/populacao/indicadores/Document.2010-10-28.6332667779>

#### (6) Economic situation:

This chapter highlights the economic policies and overviews after achieving independence.

- the GDP per capita was 453.8 US dollar in 2008
- its annual growth rate was 6.4 percent in 2009
- the official unemployment rate was 18.7% in 2004/05<sup>8</sup>
- the inflation rate in 2010 is 16.6 percent

The economic policy changed drastically since its independence. Initially, the socialist economic system was adopted. However, the accession to the World Bank and International Monetary Fund (IMF) shifted economic policy to adopt the free market economy. In 1987, the government of Mozambique undertook structural adjustment programmes. Mozambique then went through a civil war. After a long and devastating civil war, the economy started to recover amid democratization to the point where it is currently achieving economic growth of between 6 to 10 percent - as the Table1-1 shows. The impact of the global financial crisis of 2008 has had a limited impact on Mozambique.

The three industries that have been behind the revival of the Mozambique economy are,

<sup>7</sup> The data in 2011 is expectancy

<sup>8</sup> <http://www.ine.gov.mz/populacao/fttab/Document.2006-06-30.7286596895>

agriculture, manufacturing and trading. The agriculture industry is considered to absorb in 80 percent of the employed workforce in Mozambique and contributes 27 percent of total GDP. Cotton, cashew nuts and sugar are the main export products and an important source of foreign currency. Any slump of agricultural exports due to bad weather has a negative impact on the Mozambique economy. In particular, the impact to agriculture-dependent provinces such as Zambezia and Sofala provinces is strong and the performance of the agriculture sector affects their economic strength. Mozambique is considered to be rich in large tracts of fertile land and it is said that there is huge growth potential in the agriculture industry. In reality, despite huge investment inflows from Brazil and South Africa, only 10 percent of cultivatable land in Mozambique is utilized for farming<sup>9</sup>. After agriculture, the manufacturing industry contributes 14 percent to GDP and the trading industry contributes 13 percent to GDP. However, both industries are active only in and around Maputo City.

Foreign Direct Investment (FDI) in the manufacturing and mining sectors has boomed but the impact of FDI has been limited. As Table 1-3 overleaf shows, its contribution to the GDP was a mere 1.6 percent in 2008. In addition, as the FDI inflows concentrate on the free economic zone, it does not help to increase tax revenue.

Table1-3 GDP ratio classified by sector (2005 and 2008) (unit: %)

Sector	2005	2008
Agriculture	19.7	27.4
Manufacturing industry	12.8	14.5
Trade	21.2	13.2
Finance and business service	3.3	11.1
Transportation and communication	16.4	10.7
Public service	6.6	9.2
Electricity and water service	5.9	6.2
Construction industry	12.8	2.9
Other services	5.4	1.7
Mining and the quarrying industry	0.9	1.6
Hotel restaurant	1.2	1.6

Source: Create by AfDB/OECD African Economic Outlook and other data

#### (7) Donor activity

Mozambique is one of the countries where donors' coordination is the most active in Africa. Currently, 19 donors - called G19 or PAPs (Program Support Partner)<sup>10</sup> - implement general budgetary support (GBS). One of the functions of PAPs is to conduct a Performance Assessment Framework (PAF) under the framework of PARPA (details are explained in

<sup>9</sup> Ministry of Foreign Affairs (2008) "ODA Evaluation in Mozambique"

<sup>10</sup> G19 includes Germany, Belgium, Denmark, Britain, Italy, Finland, France, Ireland, Norway, the Netherlands, Portugal, Sweden, Switzerland, Canada, Spain, Austria, the World Bank, EU, and African Development Bank.

Chapter 7). The Mozambique government and PAPs have reviewed poverty reduction progress and updated PAF every year. On the other hand, Japan, USA, and UN organizations, which mainly implement project-based assistance in Mozambique, are called non-PAPs, face difficulties to keep regular communication with the Mozambique government.

Table 1-4 overleaf shows various forms (assistance modality) of assistance from 2005 to 2010 in Mozambique. The amount of project-based assistance contributes approximately 50 percent of total assistance to Mozambique and GBS and SWAPs have been consistent in the five years.

In addition, Chinese assistance, which is not included in the Table, has been increasing rapidly. It focuses on loan and technical assistance as well as investment<sup>11</sup>. It varies from social development projects, such as school construction and water facility construction to military assistance. Chinese investment has been active and ranked as 2<sup>nd</sup> investor after South Africa in 2008. It amounted to 7.7 million US dollar<sup>12</sup>. It is observed that there are many buildings constructed by China in Maputo city. Those investments should contribute to the economic growth in Mozambique.

Table1-4: The record on assistance form for Mozambique by modality (2005-2011)

	2006	2007	2008	2009	2010	2011
GBS	29.9	28.6	25.3	25.1	20.8	23.4
SWAPs	18.0	20.1	19.9	19.0	20.1	19.8
Project support	49.6	48.3	51.9	53.5	56.4	54.4
Research and investigation	0.3	0.3	0.2	0.1	0.0	0.0
TC	2.1	2.7	2.7	2.3	2.8	2.4
Others	0.0	0.0	0.0	0.0	0.0	0.0
total	100.0	100.0	100.0	100.0	100.0	100.0
TOTAL amount	1 248 051 186	1 418 565 928	1 632 217 519	1 885 852 400	1 364 206 348	1 085 021 021

Source: MOFA (2008) ODA Evaluation in Mozambique

Note: Unit is of % and total amount is USD. The data after 2008 is expected.

### 1.2.3 Poverty measured by Non-economic aspects

This section looks into non-economic aspects of poverty in Mozambique, particularly the Human Development Index (HDI), life expectancy at birth, education, health and gender.

The section is based on data collected by: “Understanding Poverty and Well-being in Mozambique” and INE and other international organizations.

#### (1) Human Development Index (HDI)

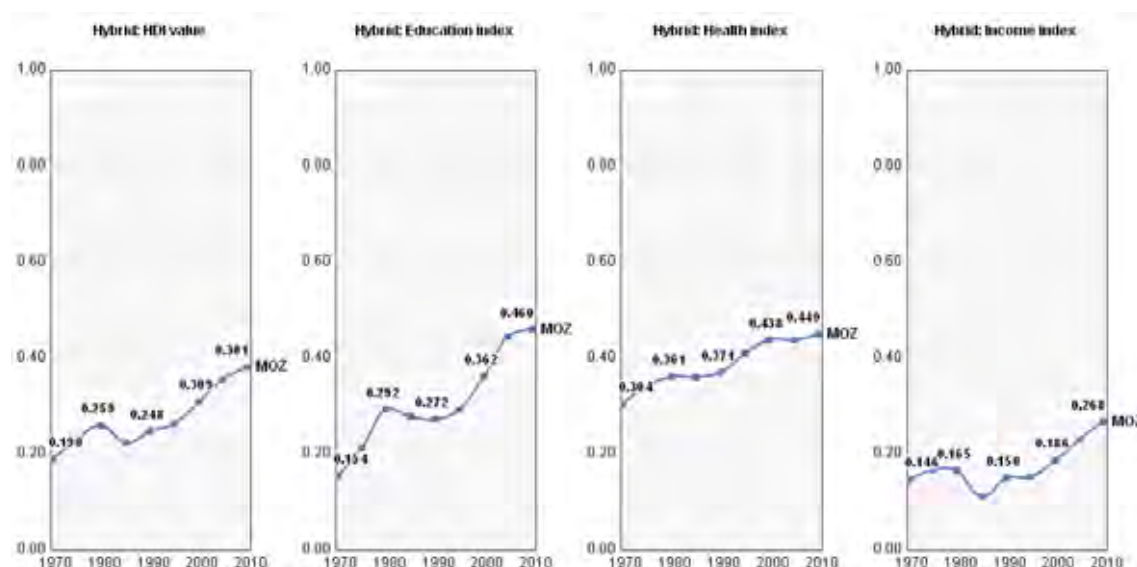
<sup>11</sup> AFRODAD Factsheet <http://www.afrodad.org/downloads/publications/Mozambique%20Factsheet.pdf>

<sup>12</sup> Johanna Jansson and Carina Kiala (2009) Patterns of Chinese investment, aid and trade in Mozambique, Center for Chinese studies

According to the Human Development Index (HDI), the regular publication of the United Nations Development Program (UNDP), Mozambique is still ranked 165<sup>th</sup> out of 169 countries. This is in spite of some of recent improvements. It has been regarded as one of three countries to achieve rapid improvements in HDI since 1990 and its speed of the improvement is astonishing<sup>13</sup>. Table 1-5 shows the trend of HDI and composition index in 1970 to 2010 released on the web of UNDP.

Table1-5 Trend of HDI and composition index from 1970 to 2010 (five years intervals)<sup>14</sup>

	1970	1975	1980	1985	1990	1995	2000	2005	2010
HDI value	0.190	0.230	0.259	0.224	0.248	0.263	0.309	0.355	0.381
Education Index	0.154	0.212	0.292	0.278	0.272	0.292	0.362	0.445	0.460
Health Index	0.304	0.342	0.361	0.360	0.371	0.410	0.438	0.438	0.449
Income Index	0.146	0.167	0.165	0.112	0.150	0.152	0.186	0.229	0.268



Source: UNDP <http://hdr.undp.org/en/data/trends/>

The HDI consists of three categories, education, health and income and is calculated using a weighted average of the three components, life expectancy at birth, literacy level, enrollment rate and purchasing power per person. The HDI approach is defined as a process of enlarging people's choices and enhancing human capabilities and calculated from 0 to 1.

Table 1-5 shows all three components have been performing at a very low level. In particular, the income index is stagnant. It implies that the majority of people grow food (agricultural

<sup>13</sup> World Bank (2008)"Mozambique Beating the Odds : Sustainable Inclusion in a Growing Economy"

<sup>14</sup> In order to grasp the most developed country, progress of HDI of 1970-2010 is characterized by Human Development Report (2010) using the original HDI index. For this reason, the numerical value of HDI differs from what was released in the past.

products) for their own consumption and basically lives off the land. Small-scale farming dominates the rural area. In addition, there are no industries in the rural areas to absorb a labor force. Therefore, most of workers who are excluded by regular or formal employment are forced to engage in agricultural work and live on their land.

The HDI marked its highest figure in the 1990s but the speed of improvement has been slow. Although life expectancy at birth has improved relatively speaking (more explanation on this later), the HIV/AIDS infection rate has worsened. Maternal mortality rate is 1 percent (1 000 out of 100 000 cases). The child mortality rate is high at 21.9 percent (219 out of 1,000 cases). This phenomenon is obviously prevalent in the rural areas.

On the other hand, the education sector shows great improvement. This is the outcome of strong commitment and assistance by the government and donor organizations. The enrolment rate of primary education has improved over time from 61.3 percent to 74.2 percent. The literacy level has also been improved. However, the quality of education is still problematic. It is a priority of government to improve the quality of lecturers, teachers and the general school environment.

## (2) Education

The Table 1-6 indicates the improvement of the enrollment rate in basic education by comparing the result of 2002/03 and 2008/09. The south urban region - including Maputo city - has an enrolment rate of 91.1 percent. The south rural region has an enrolment rate of 85.9 in primary education. North and Central areas, which suffer from higher poverty, has an enrolment rate of 60 percent. There are a few regional disparities.

Table1-6 Enrollment rate (ER) in basic and secondary education by regions

Region	2002/2003		2008/2009	
	ER in primary education	ER in secondary education	ER in primary education	ER in secondary education
North urban	63.9	12.5	73.7	33.3
North rural	52.2	0.2	67.5	6.4
Central urban	82.9	18.6	82.2	39.9
Central rural	61.3	0.8	74.2	11.1
South urban	89.8	24.8	91.1	47.4
South rural	77.8	3.4	85.9	17.2
National average	66.8	8.2	76.5	22

Source: MPD (2010) "Understanding Poverty and Well-being in Mozambique: Third National Poverty Assessment"

This improvement is attributed to free education in the primary education and the efforts made to improve education by the Mozambique government. The National Education Policy in 1995 and the implementation strategy set three targets and one of them was “to improve accessibility to education”<sup>15</sup>. Moreover, the Education Sector Strategy (1999-2003) aimed at accelerating universal primary education, especially improving on the female enrolment rate<sup>16</sup>.

As an outcome of those policies, school construction and teacher training programmes have been promoted. Table 1-7 shows the trend in the number of primary schools, teachers and students. 605 schools have been constructed and 6 544 teachers have undergone training.

Table1- 7 Number of schools, teachers and students (2008-2009)

	2008	2009
Number of schools (1st level)	9,649	10 027
Number of students	4 109 298	4 233 454
Number of teachers	56 609	61 242
Number of schools (2 <sup>nd</sup> level)	2 210	2 437
Number of students	704 506	752 884
Number of teachers	17 281	19 192

Source: Ministry of Education and Culture, Directorate of Planning

Notes: 1st level refers to G1-G5, and a fifth grader deserves from the Japanese first grader in an elementary school and 2nd level points out G6 and G7, and the Japanese sixth grader in an elementary school and the first-year student in a junior high school deserve it.

However, as mentioned by the Director of Ministry Education and Culture, the “quality of education” has been a challenge in Mozambique. It raised concerns about under-trained teachers and high teacher-student ratio (66 students per teacher) - which is beyond the Ministry’s target for 2015 (55 students per teacher). The low quality of education is an urgent task for the Ministry to tackle<sup>17</sup>. A lower enrolment rate in secondary education is another concern for the Ministry. There are some improvements by comparison to the results of a 2002 survey. However, more than 50 percent of students in the south urban area are not enrolled for secondary education - and only 6.4 percent of students go to school in the north urban areas. The background behind this gap in enrolment rate with basic education is that tuition fees are payable and accessibility to secondary schools is problematic due to poor or lacking facilities. The government understands the situation and is considering introducing government subsidies for secondary education<sup>18</sup>.

<sup>15</sup> Other two are "the maintenance and improvement in the educational quality", and "the organization for an education policy and establishment of financial bedrock"

<sup>16</sup> Ministry of Foreign Affairs (2008) "ODA Evaluation in Mozambique"

<sup>17</sup> It is based on local hearing investigation (educational culture prefecture)

<sup>18</sup> It is based on local hearing investigation (educational culture prefecture)

### (3) Health

The share of households with less than a 45 minute walk to the nearest primary health facility has been improved in the last five years: the share in 2008/09 in the north rural area: 69.7 percent of households are able to access to the nearest facility within a 45 minutes walk compared to 31.5 percent in 2002/03.

Access in the center rural and south rural areas has also improved. However, the access in urban areas to primary health facilities has worsened. This implies that households living in urban areas prefer to go to hospital and other medical facilities rather than a primary health facility and thus the demand for primary health is reducing in urban areas.<sup>19</sup>.

Table1-8 Share of households with less than 45 minutes walk to the nearest primary health facility

	20002/2003	2008/2009
North urban	86.3	75.4
North rural	31.5	69.7
Central urban	88.8	76.3
Central rural	35.0	47.6
South urban	92.0	78.7
South rural	48.8	53.6

Source: MPD (2010) "Understanding Poverty and Well-being Mozambique: Third National Poverty Assessment"

The share of households with access to safe water shows regional disparities. Only the south urban region appears to be improving (55.6% in 2002 to 77.5% in 2008). Despite small improvements in seven provinces in the North and Central region, only one-third of the population is able to access safe water. The central region, especially in its rural areas, appears to be increasingly disadvantaged as compared to the rest of the country.

Table1- 9 Share of Households with access to safe water

Regions	20002/2003	2008/2009
North urban	55.0	49.1
North rural	25.7	32.3
Central urban	62.7	76.3
Central rural	21.7	27.1
South urban	56.6	77.5
South rural	38.6	36.3

Source: MPD (2010) "Understanding Poverty and Well-being Mozambique: Third National Poverty Assessment"

<sup>19</sup> MPD (2010)"Understanding Poverty and Well-being Mozambique: Third National Poverty Assessment" P16



In spite of various measures and commitment by the government and donor organizations, the number of HIV/AIDS patients is increasing. The infection rate remained at 14 percent over the last three years but the number of patients grew to 1.7 million (by 100 000) in 2010 due to steady population growth in Mozambique. There are 360 adults and 85 children newly infected by HIV/AIDS every day in Mozambique. The four provinces in the central region have the worse statistics: 630 000 people have passed away due to HIV/AIDS between 1998 to 2009. By contrast, the Northern provinces had 120 000 deaths and the southern provinces had 200 000 deaths. There is a regional disparity between north and other areas<sup>20</sup>. The reason behind the regional disparities where the HIV/AIDS infection rate is higher in the north and the central areas is due to a lack of health facilities. The lack of health facilities causes lower accessibility of free ARVs in both areas. In addition, the Ministry of Health in Mozambique attributes the cause of the severe situation to poor education of human sexuality at schools. Thus, both the Ministry of Health and Ministry of Education and Culture have implemented a joint project to introduce education for human security at school.<sup>21</sup>.

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<sup>20</sup> MPD (2010) “Understanding Poverty and Well-being Mozambique: Third National Poverty Assessment” P94

<sup>21</sup> Based on interviews with Ministry of Health

Table1-10 Index of HIV/AIDS in Mozambique

	2008	2009	2010
Adult (15-49) infection rate (%)	14	14	14
Pregnant woman infection rate (%)	16	16	16
The number of infected persons (million)	1.6	1.6	1.7
New infected person day (adult)	355	355	360
New infected person day (child)	85	85	85

Source: INE <http://www.ine.gov.mz/hiv/ipcthivmz>

### (3) Life expectancy at birth

Life expectancy at birth appears to have improved. It is now 51.6 years, which is an improvement of 7 years since 2000. Both government's proactive strategy and the assistance of donors in the health sector contributed to this improvement. In particular, European donors made huge contributions in the health sector. Free distribution of ARV has helped to improve life expectancy.

Table 1-11 Life expectancy at birth (2000-2009) (unit: age)

	2000	2001	2002	2003	2004	2005	2006	2007	2009
Life expectancy at birth	44.30	45.00	45.60	46.30	46.70	47.10	47.40	50.76	51.62

Source: INE

### (4) Gender

Gender related index refers to the Gender Inequality Index (GII) of UNDP. The GII analyses the following as three influential factors to gender equality and derives the GII index, health (reproductive health), empowerment, and labor market participation. The figure is from 0 to 1 and 0 means the most equal. Mozambique is currently 0.718 and ranks at 111<sup>th</sup> out of 138 countries. Table 1-12 shows the results components of GII.

Table1-12 Components of GII

Health (reproductive health)	The rate of a seat of the woman in Parliament (%)	35
	Percentage of the women who receive high education (%)	2
Empowerment	The death toll per 100,000 pregnant women and nursing mothers	520
	Adolescence birthrate (1000 student child birth)	149
Labor market participation	A female labor-force participation rate (%)	87

Source: UNDP : <http://hdrstats.undp.org/images/explanations/moz.pdf>

## II. Poverty reduction strategy

### 2.1 National Poverty Reduction Strategy

The Ministry of Planning and Development (MPD) is in charge of comprehensive poverty reduction and poverty monitoring issues in Mozambique. In April 2010, the Parliament approved the National Development Plan (2010-2014) called “the Five Years Plan (2010-2014)”, which leads all poverty reduction strategies in Mozambique. It takes up the poverty programme as one of the most important issues and sets absolute poverty reduction as a priority through improving education and health and agricultural development. In addition, the PARPA is an action plan to achieve the targets of the Five Year Plan. The PARPA I was implemented between 2001 and 2005 and the successive strategy, the PARPA II (2006-2009) was completed in 2010. Currently, Mozambique government is preparing the PARP (Action Plan for Reducing Poverty) as a successive action plan of the PARPA II<sup>22</sup>. The bottom-up approach has been adopted to prepare poverty strategies. It means that civil society, which suffers from poverty, forms the Poverty Observatory and makes various inputs and suggestions based on their experience on the ground through the process of identifying poverty strategies. Government and donor organizations have cooperated to make policies based on inputs from civil society. As decentralization accelerates in Mozambique, the provincial and rural viewpoints on poverty are important inputs for them<sup>23</sup>.

According to interviews conducted in Mozambique, the PARP has two priority areas, improving agricultural productivity and boosting employment. Although agriculture is one of the main industries to absorb approximately 80 percent of the workforce in Mozambique, the industry faces a variety of problems, such as, slow infrastructure development, low modernization, and rain-fed cultivation. These issues have constrained development in rural areas. On the other hand, the urban problem is varied. Unemployment is a major cause of poverty in urban areas, especially bigger cities like Maputo. The unofficial unemployment rate in Maputo city is close to 40 percent and it has been said that urban people are frustrated with the government, which has failed to improve the situation. The riots that took place in September are symptomatic of the frustration of the people, triggered by the announcement of price increases that month. The movement spread from Maputo city to the rest of country<sup>24</sup>.

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<sup>22</sup> The concept of absolute poverty will be excluded in PARP.

<sup>23</sup> [http://www.entwicklung.at/uploads/media/Country\\_Strategy\\_Mozambique\\_2010-2013\\_04.pdf](http://www.entwicklung.at/uploads/media/Country_Strategy_Mozambique_2010-2013_04.pdf)

<sup>24</sup> By having expressed the price increase of the bread by the government, electricity, and the price for water service in September, 2010, civic dissatisfaction exploded and it became a riot. Mozambique depended for wheat on import and the import price rise of wheat had the price increase of a pan price.  
<http://www.wsws.org/articles/2010/sep2010/moza-s04.shtml>

## 2.2 Policies in each sector

### 2.2.1 Agricultural Sector

The Ministry of Agriculture has been handling the agricultural development policy in Mozambique. Currently, the Ministry is preparing a new development strategy: the Strategic Plan for Agricultural Development” (PEDSA) (2010-2014). The PEDSA will be incorporated into “the Five Years Plan (2010-2014)” and aims to achieve five key objectives, (1) to improve agricultural productivity and competitiveness, (2) to develop infrastructure and agricultural service, (3) sustainable usage of natural resources (land, water, and forest), (4) to develop registration to encourage investment and (5) to enhance agriculture-related organizations. As explained earlier, agricultural productivity is heavily dependent on rain and small farmers are dominant in Mozambique. The direction of PEDSA (2010-2014) will promote modernization of agriculture and will target an annual growth rate of 7 percent in agricultural productivity.

There are other programmers such as, PAPA (Food Production Action Plan) which emphasizes agricultural productivity and ESAN (Food and Nutritional Security Strategy) II which focuses on security issues.

There is another important strategy: the PROAGRI (National Agricultural Development Program). The objective is to promote by both the government and donor organizations. PROAGRI I (1994-2004) emphasized the importance of organizational capacity development and implemented capacity building projects to agricultural administrative staffs of both central and local governments. PROAGRI II (2007-2010) had three activities, (1) to activate agricultural productivity, (2) to implement projects proposed by local governments and (3) to develop agricultural guideline.

### 2.2.2 Health Sector

The Ministry of Health is in charge of the development strategy in the health sector. PESS (Health Sector Strategic Plan) (2007-2012) was developed and implemented as a sector development strategy to achieve the targets of MDGs and the Five Year Plan, health education, improvement in nutrient situation, environmental improvement, improvement in safe water access and improvement of regional disparity have been priority areas.

Both government and donor organizations understand that the lack of health facilities and health workers are the two main problems in Mozambique. There are only four Training Schools for Health Personnel<sup>25</sup> in capital cities of four provinces: Maputo, Beira, Nampula and

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<sup>25</sup> In addition, construction of a medical worker school is planned by South Korean loan support in the northern Zambezia province where population is large.

<sup>25</sup> Local hearing (Department of Health)

Quilimane<sup>26</sup>. According to the Ministry, it is obvious there is a need to improve both the quality and quantity of health care facilities. Nine small scale health training institutions, called the Training Center for Health Personnel, play important roles to produce skilled health workers. In addition, the government and donors intend to provide overseas training opportunities to professional health workers to gain more knowledge and provide accommodation for health workers posted in rural areas. In the health sector in Mozambique, decentralization is in progress. The Ministry of Health is primarily responsible for a policy-making function and the local governments in each province are in charge of implementing healthcare programmes.

Rapid expansion of HIV/AIDS is an urgent and ongoing challenge for the government of Mozambique. Main countermeasures are the prevention from infection and free distribution of ARVs. The Ministry emphasizes the importance of peer education and prevention, and promotes medical education and popularization of medicine in rural areas.

The medical expenses are free of charge. The government allocates a budget to HIV/AIDS medical expense. This is attributed to the vestiges of the socialist policy in 1970s. However, the source of budget has been dependent on budget support and the health sector common funds. In 2010, the delay in disbursement to budget support and common funds created confusion among patient when the government failed to cover the medical expenses.

### 2.2.3 Educational Sector

The Ministry of Education and Culture is in charge of developing sector strategy and currently implements the ESSP (Education Sector Strategic Plan) (2006-2010/11), which aligns with the Five Years Plan. The ESSP (2012-2016) is in the development phase and will be open to the public in July 2011. The current ESSP emphasizes the importance of increasing accessibility to primary education, improving quality of education and enhancing organizational capacity to implement education policies. The ESSP (2012-2016) will include the provision of pre-primary education and vocational training as addition pillars of the strategy. The Ministry has not set any regional priority areas but is paying attention to equal development through the country.

The Ministry will manage the progress of primary education by the National Education Policy and Strategy for implementation (1995-1999), the ESSP (1999-2003) and the ESSP (2004-2006). The Ministry has targeted secondary education and higher education as priority areas. The people of Mozambique and politicians demand that the Ministry tackle problems facing secondary education.

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<sup>26</sup> The training school in Quilimane was constructed by Japanese assistance.

## 2.2.4 Rural Development and Economic Promotion

Rural development is the term used as a synonym for agricultural development in Mozambique. PARPA II includes rural development and economic promotion as the area of priority. It has targeted the following objectives, improve agricultural development through enhancing sector and regional collaborations and expand the market by developing international and local flows of goods. The government promotes the development of transportation infrastructure, distribution system, and trade institution to activate the exchange of people, goods, and information. In addition, “development of competitive private sector” and “enhancing internal investment by developing financial system” has been set as the main targets in economic promotion. The development of the Beira corridor in central region and the Nacara corridor in north region will lead to inflows of foreign direct investment, which will encourage infrastructure development in both regions<sup>27</sup>.

## 2.2.5 Infrastructure Development Sector

During the Civil War that erupted in 1977, railroad, road, schools and health facilities were targets of attack and destruction by antigovernment groups. The destroyed infrastructure has restricted economic activities in rural areas and is one of the causes of poverty in Mozambique. When the Civil War ended in 1992, the government and donor organizations collaborated to develop infrastructure. The PARPA I was launched in 2001. It focused on basic infrastructure development. The PARPA II, which shifts its purpose to economic development, continues with infrastructure development. Agriculture development encompasses the development of irrigation systems, water supply facilities, plumping facilities and transportation systems.

The ICT infrastructure development has recently made progress. Undersea cables - called Seacom and EASSY – are linked to Maputo city and Mozambique is now linked to South Africa and Kenya.

The above infrastructure development has relied on financial support by donors as well as Mozambique’s own resources. African Development Bank (AfDB) and Millennium Challenge Corporation (MCC) have focused on infrastructure development as their key strategy in Mozambique.

Table2-1 Infrastructure support for Mozambique (unit: million dollars)

	2006	2007	2008	2009
Amount of money	174.0	371.6	387.1	245.8

Source: OECD and Creditor Reporting System

(<http://stats.oecd.org/Index.aspx?DataSetCode=CRSNEW>)

<sup>27</sup> Ministry of Foreign Affairs (2008) "evaluation according to Mozambique"

## 2.2.6 Water Supply Sector

The Civil War destroyed water supply facilities and land mines restricted accessibility to water facilities. The PARPA I objective was to improve water accessibility to 46 percent by 2005, which 40 percent in rural areas and 50 percent in urban areas. However, the PARPA I only achieved an access rate of 41 percent and failed to achieve its target. It was estimated in 2008 that 48.5 percent of people would have access to safe water<sup>28</sup>. There are provincial disparities. The worst figure is 31 percent access in Nampula province. Maputo province has the highest rate at 70 percent. It is a big challenge for the government to achieve the MDG goal. The PARPA II sets a national target, which is for 70 percent of people access to safe water in 2015. The Sector Development Strategy, the PESA (Rural Water Supply and Sanitation) was created and set a target of 55 percent access to safe water by 2009<sup>29</sup>. Main donors in the water sector are AfDB, UNICEF, and MCC.

Table2-2 Share of households with access to a safe water source, 2002/03 and 2008/09

	2002/03	2008/09
North urban	55.0	49.1
Center urban	62.7	62.2
South urban	56.6	77.5
North rural	25.7	32.3
Center rural	21.7	27.1
South rural	38.6	36.3

Source: MPD (2010) "Understanding Poverty and Well-being in Mozambique: Third National Poverty Assessment"

Table2-3 Assistance by international organizations to the water sector (unit: 1 million dollars)

	2006	2007	2008	2009
total (US\$, millions)	76.0	111.7	327.9	68.9

Source: OECD and Creditor Reporting System

(<http://stats.oecd.org/Index.aspx?DataSetCode=CRSNEW>)

## III. Poverty Analysis

### 3.1 Analysis by Income Poverty

#### 3.1.1 Analysis of income poverty

The definition of poverty in Mozambique has changed in the past ten years. The official definition of poverty was defined in the first poverty assessment as "Understanding Poverty

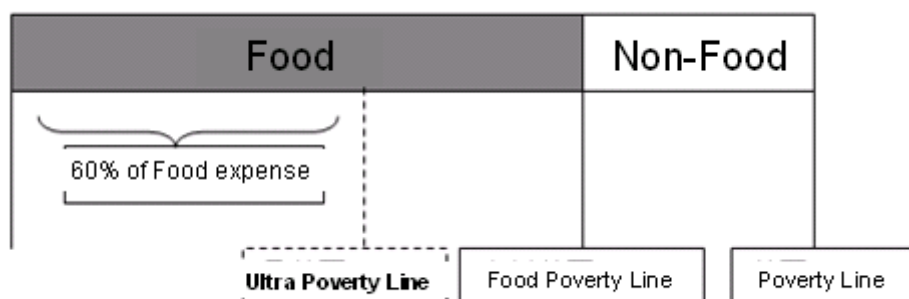
<sup>28</sup> Coberturas do Abastecimento de Agua Rural 2000 A 2008, DNA

<sup>29</sup> Ministry of Foreign Affairs (2008) "ODA evaluation in Mozambique"

and Wellbeing in Mozambique". It was later adopted by PARPA I (2001-2005) as “The inability of individuals to ensure for themselves and their dependents a set of basic minimum conditions for their livelihoods and well-beings, according to the norms of society”. Under the PARPA II, the definition was expanded and postulated that it is “the impossibility of incapacity or lack of opportunity for individuals, families and communities to have access to minimum conditions”

As explained earlier, the MPD publishes the poverty report, titled "Understanding Poverty and Well-being in Mozambique". In these reports, the poverty line is different to internationally accepted criteria, which is a person living on less than 1.25 US dollars per day. The international poverty line - mainly calculated by consumption - is used for analysis. The methodology employed to measure poverty in Mozambique follows the Cost of Basic Needs (CBN) approach. The national poverty line in Mozambique consists of two components: food consumption and non-food consumption. The sum of these two components is set as the national poverty line (Please refer to Table 3-1). In the second assessment of poverty situation in 2004, 60 percent of the food poverty line was set as ultra-poverty line. There was no explanation in the third assessment published in 2010.

Table 3-1 Overview of poverty line



Source: MURC creation based on the second and third assessment of Understanding Poverty and Well-being in Mozambique

The food poverty line is obtained by minimum calories per person per day based on the results of a household survey. The updated "Understanding Poverty and Wellbeing in Mozambique" defined minimum calories as 2 144 kcal. It also takes into consideration geographic differences in costs of living<sup>30</sup>. Mozambique is then divided into 13 relatively homogeneous spatial domains<sup>31</sup>. The food poverty line is simply the cost of the bundle of food

<sup>30</sup> MPD (2010) "Understanding Poverty and Well-being in Mozambique" P82

<sup>31</sup> There are 13 domains, such as rural area in Niassa and Cabo Delgado provinces, urban areas in Niassa and Cabo Delgado provinces, rural areas in Nampula province, urban areas in Nampula province, urban areas in Sofala and



products. It is difficult to define a reasonable bundle of non-food items consumed by the poor. An indirect methodology is applied to calculate non-food consumptions. Poor people allocate a considerable share of their total consumption to non-food items. Thus average non-food consumption is calculated for households whose total per capita consumption is close to the food poverty. This expenditure is viewed as a minimum budgetary allocation required meeting basic non-food needs and is defined as the non-food poverty line. The total poverty line is then obtained as the sum of the food poverty line and the non-food poverty line<sup>32</sup>.

Table 3-2 summarizes the result of the food and non-food poverty line by 13 geographical domains. For comparison purposes, the result of 2002/03 survey is also shown. The national poverty line is 18.4Mt (equivalent to 0.5 USD). The food poverty line is 13.6 Mt (0.38USD) which represents a share of 75 percent of the national poverty line. The situation has not changed much. With regards to regional differences, it is more expensive in the urban areas to obtain 2 144 kcal per day than in rural areas. It costs 20.9Mt (0.6USD) in Maputo city to obtain the defined minimum calories. On the other hand, it costs only 14.1Mt (0.4USD) in the rural areas.

Table3-2 The poverty line according to area (unit: metical (Mt))

	Poverty lines 2002/03			Poverty lines 2008/09			Food shares		Ratio of lines 08/02	
	Food	Non-food	Total	Food	Non-food	Total	2002/03	2008/09	Food	Total
Niassa and Cabo Delgado, rural	5.4	1.7	7.1	12.5	3.4	15.9	76.5	78.5	2.30	2.25
Niassa and Cabo Delgado, urban	7.5	2.7	10.2	14.0	5.0	18.9	73.7	73.8	1.85	1.85
Nampula, rural	4.5	1.5	6.0	11.1	3.2	14.3	74.9	77.8	2.49	2.40
Nampula, urban	4.9	1.8	6.7	12.5	4.2	16.7	72.9	74.9	2.58	2.51
Sofala and Zambezia, rural	4.2	1.3	5.5	11.4	3.0	14.4	75.9	79.1	2.73	2.62
Sofala and Zambezia, urban	6.6	2.2	8.8	13.7	5.4	19.1	75.1	71.8	2.08	2.17
Manica and Tete, rural	5.6	1.3	6.9	15.2	4.2	19.4	81.2	78.1	2.69	2.80
Manica and Tete, urban	7.1	2.5	9.7	15.6	5.9	21.5	73.7	72.6	2.18	2.22
Gaza and Inhambane, rural	6.6	2.4	9.0	13.1	5.3	18.4	73.4	71.2	1.98	2.04
Gaza and Inhambane, urban	7.3	3.5	10.7	14.1	6.3	20.3	67.7	69.2	1.93	1.89
Maputo Province, rural	11.8	5.0	16.8	17.9	7.0	24.8	70.4	72.0	1.52	1.48
Maputo Province, urban	11.9	6.4	18.3	20.7	10.2	30.9	65.0	67.0	1.74	1.69
Maputo City	12.2	7.3	19.5	20.9	12.3	33.1	62.6	63.0	1.71	1.70
Average (population weighted)	6.1	2.3	8.5	13.6	4.8	18.4	74.2	75.1	2.33	2.32

Source: MPD "Understanding Poverty and Well-being in Mozambique: Third National Poverty Assessment" P105

Notes: 1 dollar = 35Mt (exchange rate in January 2011)

### 3.1.2 National and Provincial poverty situation

The MPD is conducting an analysis of poverty based on the household surveys that are

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Zambezia provinces, rural areas of Sofara and Zambezia provinces, urban areas of Manica and Tete provinces, rural areas of Manica and Tete provinces, urban areas of Gaza and Inhanbane provinces, rural areas of Gaza and Inhanbane provinces, urban areas of Maputo province and rural area of Maputo province, and Maputo city.

<sup>32</sup> MPD (2010) "Understanding Poverty and Well-being in Mozambique

carried out by INE every five years. The sample sizes were 8 250 in the 1996/97 survey, 8 700 in the 2002/03 survey and 10 832 in the 2008/09 survey. Although some people in Mozambique pointed out political interventions in the sample methodology, the report "Understanding Poverty and Wellbeing in Mozambique" analyzed over the three survey periods, the poverty rate, the poverty gap and the squared poverty gap by provinces and by regions. It enables us to comprehend and analyze the poverty situation since 1996.

#### (1) Poverty rate

The report "Understanding Poverty and Wellbeing in Mozambique" provides a poverty rate by region, provinces, and areas since 1996. It helps to understand national and regional trends in the poverty rate. Table 3-3 shows the results of last three poverty assessments by provinces, regions and areas. In order to understand the progress, the first and the second assessments and the comparison is included in Table 3-3. The national poverty rate was dropped by 0.6 points. The rural areas worsened by 1.6 points. The central area improved by 14.3 points. Zambezia province is the worst province: 70.5 percent – improved by 25.9 points. Maputo province is in second worst position: 67.4 percent - improved by 1.9 points. Gaza province is third worst position: 62.5 percent - improved 2.4 points. Sofala province is in forth position: 58% - which improved by 21.9 percent.

On the other hand, comparisons between 1996/07 and 2008/09 present a different trend. Nationally, the poverty rate was improved by 14.7 points. Both urban and rural areas improved - except for Zambezia province and Maputo province. Other provinces showed an improvement in their poverty rate.

Table3-3 Transition of a poverty rate

	Poverty rate (%)			Comparison (point)		
	1996/97	2002/03	2008/09	Gap between 96/97 and 02/03	Gap between 02/03 and 08/09	Gap between 96/97 and 08/09
National	69.4	54.1	54.7	-15.3	0.6	-14.7
Urban	62.0	51.5	49.6	-10.5	-1.9	-12.4
Rural	71.3	55.3	56.9	-16.0	1.6	-14.4
North	66.3	55.3	46.5	-11.0	-8.8	-19.8
Center	73.8	45.4	59.7	-28.4	14.3	-14.1
South	65.8	66.5	56.9	0.7	-9.6	-8.9
Niassa	70.6	52.1	31.9	-18.5	-20.2	-38.7
Cabo Delgado	57.4	63.2	37.4	5.8	-25.8	-20.0
Nampula	68.9	52.6	54.7	-16.3	2.1	-14.2
Zambezia	68.1	44.6	70.5	-23.5	25.9	2.4
Tete	82.3	59.8	42.0	-22.5	-17.8	-40.3
Manica	62.6	43.6	55.1	-19.0	11.5	-7.5
Sofala	87.9	36.1	58.0	-51.8	21.9	-29.9
Inhambane	82.6	80.7	57.9	-1.9	-22.8	-24.7
Gaza	64.6	60.1	62.5	-4.5	2.4	-2.1
Maputo Province	65.6	69.3	67.4	3.7	-1.9	1.8
Maputo City	47.8	53.6	36.2	5.8	-17.4	-11.6

Source: MURC created it based on the Poverty and Wellbeing in Mozambique

Note: Minus shows an improvement of a poverty rate

It is not easy to understand the causes and background of those changes in the poverty rate. However, there is some suspicion surrounding drastic improvements in the second assessment. This led to some donor organizations commenting on artificial control of data collection and counting. However, it is clear that the poverty rate has shown a tendency to improve since 1996.

Improvement is more obvious in rural areas rather than urban areas. Provincially, provinces which are less dependent on agriculture, such as the Tete province and Inhambane province experienced a huge improvement. The Tete province has an active coal mining industry. The Inhambane province has a strong inflow of investment in its tourism industry. However, provinces that are highly dependent on agriculture - such as the Zambezia and Gaza provinces - did not show improvement in the poverty rate. Unfavourable weather in 2008 negatively affected the Zambezia province.

## (2) Poverty gap

The poverty gap is the mean shortfall of the total population from the poverty line (counting

the non-poor as having zero shortfall), expressed as a percentage of the poverty line. This measure reflects the depth of poverty as well as its incidence<sup>33</sup>.

Table 3-4 shows the result of the poverty gap for last three assessments:

- the 2002/03 assessment showed progress from 29.3 to 20.5 but worsened to 21.2 in 2008/09
- the central region was downgraded by 8.3 points
- Zambezia, Manica and Sofala provinces made negative progress
- the Gaza province and Maputo province made good progress

The results show that there are still many people suffering from poverty.

As explained in the poverty rate, it is a common phenomenon that the predominant industry is agriculture in the high poverty gap provinces. The agriculture industry has not been industrialized. Productivity is dependent on natural conditions, such as rainfall<sup>34</sup>. This creates an unstable economic situation and prevents poverty reduction. On the other hand, the growth of coal mining industry in Tete province is contributing to poverty reduction.

Table3-4 Poverty Gap Trends

	Poverty gap			Comparison (point)		
	1996/97	2002/03	2008/09	Gap between 96/97 and 02/03	Gap between 02/03 and 08/09	Gap between 96/97 and 08/09
National	29.3	20.5	21.2	-8.8	0.7	-8.1
Urban	26.7	19.7	19.1	-7.0	-0.6	-7.6
Rural	29.9	20.9	22.2	-9.0	1.3	-7.7
North	26.6	19.5	16.6	-7.1	-2.9	-10.0
Center	32.7	16	24.3	-16.7	8.3	-8.4
South	26.8	29.1	22.1	2.3	-7.0	-4.7
Niassa	30.1	15.8	12.3	-14.3	-3.5	-17.8
Cabo Delgado	19.8	21.6	11.5	1.8	-10.1	-8.3
Nampula	28.6	19.5	20	-9.1	0.5	-8.6
Zambezia	26	14	27.9	-12.0	13.9	1.9
Tete	39	26.3	16.5	-12.7	-9.8	-22.5
Manica	24.2	16.8	21.1	-7.4	4.3	-3.1
Sofala	49.2	10.7	27	-38.5	16.3	-22.2
Inhambane	38.6	42.2	20.9	3.6	-21.3	-17.7
Gaza	23	20.6	28.3	-2.4	7.7	5.3
Maputo Province	27.8	31.1	25.6	3.3	-5.5	-2.2
Maputo City	16.5	20.9	11.8	4.4	-9.1	-4.7

Source: MURC created it based on the Poverty and Wellbeing in Mozambique

Note: Minus shows an improvement of a poverty rate

<sup>33</sup> <http://unstats.un.org/unsd/mdg/Metadata.aspx?IndicatorId=0&SeriesId=584>

<sup>34</sup> It analyzes by 3.3.2 vulnerability analysis for details.

### (3) Squared poverty gap

The squared poverty gap is described as a measure of the severity of poverty. While the poverty gap takes into account the distance separating the poor from the poverty line, the squared poverty gap takes the square of that distance into account. It gives more weight to the very poor<sup>35</sup>. The squared poverty gap shows a trend similar to the poverty gap. There was a huge improvement in the 2002/03 assessment by 5.3 points but the situation worsened by 0.7 points in 2008/09. However, the comparison between the results in 1996/07 to 2008/09 proves that all provinces except Zambizia and Sofala provinces, made progress by 2 to 15 points. The southern provinces - other than Maputo city – recorded a higher gap. The Zambizia and Manica provinces were also high.

The trend of the squared poverty gap is similar to the poverty gap. However, the Sofala province had the worst squared poverty gap while the Gaza province had the worst poverty gap.

Table3-5 Trend of Square poverty gap

	Poverty gap			Comparison (point)		
	1996/97	2002/03	2008/09	Gap between 96/97 and 02/03	Gap between 02/03 and 08/09	Gap between 96/97 and 08/09
National	15.6	10.3	11	-5.3	0.7	-4.6
Urban	14.6	9.6	9.6	-5.0	0.0	-5.0
Rural	15.9	10.7	11.6	-5.2	0.9	-4.3
North	13.9	8.9	8	-5.0	-0.9	-5.9
Center	18	7.9	13	-10.1	5.1	-5.0
South	13.9	16	11.4	2.1	-4.6	-2.5
Niassa	16.1	6.7	6.5	-9.4	-0.2	-9.6
Cabo Delgado	9.1	9.5	4.8	0.4	-4.7	-4.3
Nampula	15.3	9.3	9.8	-6.0	0.5	-5.5
Zambezia	12.3	6.1	13.9	-6.2	7.8	1.6
Tete	22.5	15.3	8.9	-7.2	-6.4	-13.6
Manica	11.7	9.2	11.1	-2.5	1.9	-0.6
Sofala	32.1	4.3	17.1	-27.8	12.8	-15.0
Inhambane	21.4	26	10.1	4.6	-15.9	-11.3
Gaza	10.9	9.3	16.7	-1.6	7.4	5.8
Maputo Province	14.7	17.2	12.5	2.5	-4.7	-2.2
Maputo City	7.7	10.3	5.2	2.6	-5.1	-2.5

Source: MURC created it based on the Poverty and Wellbeing in Mozambique

Note: Minus shows an improvement of a poverty rate

### 3.2 Unequal Index and its trend

<sup>35</sup> [http://siteresources.worldbank.org/INTPA/Resources/tn\\_measuring\\_poverty\\_over\\_time.pdf](http://siteresources.worldbank.org/INTPA/Resources/tn_measuring_poverty_over_time.pdf)

### 3.2.1 Gini coefficient

The national poverty rate made some improvement. However, the inequality index shows a small downgrade. The Gini coefficient in urban areas worsened from 0.481 to 0.47. Maputo city is the most unequal society - its figure is 0.512. The Gini coefficient in rural areas is 0.445. The Cabo Delgado province was the second worst province after Maputo city in 2002/03 assessment - it improved to 0.347. The rural areas made progress from 0.37 in 2002/03 to 0.367 in 2008/09.

The results were aligned with the analysis of previous chapters.

Table3-6 Trend of Gini coefficient (1996-2008)

	1996/97	2002/03	2008/09
Whole country	0.40	0.415	0.414
Urban areas	0.47	0.479	0.481
Farm village part	0.37	0.371	0.367

Source: MPD (2010) "Understanding. Poverty and Well-being Mozambique: Third National Poverty Assessment" and JBIC (2008) "poverty profile creation and updating investigation"

Table3-7 Trend of Gini coefficient by areas, regions and provinces (Gini coefficient)  
(2002-2008)

	2002/03	2008/09
National	0.415	0.414
Urban	0.479	0.481
Rural	0.371	0.367
North	0.385	0.411
Center	0.393	0.381
South	0.475	0.456
Niassa	0.357	0.427
Cabo Delgado	0.445	0.347
Nampula	0.361	0.419
Zambezia	0.351	0.365
Tete	0.399	0.323
Manica	0.400	0.345
Sofala	0.427	0.456
Inhambane	0.443	0.383
Gaza	0.406	0.427
Maputo Province	0.433	0.387
Maputo City	0.524	0.512

Source: MPD (2010)"Understanding Poverty and Well-being Mozambique: Third National Poverty Assessment"

### 3.3 Poverty analysis by other methodology other than Income Poverty

#### 3.3.1 Designated areas/groups by the Government

The Government of Mozambique has not set any designated areas for special treatment for the reduction of poverty. The PARPA I and II was not focused on any specific areas or people. The strategy currently under development - the PARP - will follow a similar philosophy and will not set any priority areas.

On the other hand, it has been pointed out by some specialists in Japan and Mozambique that the FRELIMO administration has unofficially prioritized investment or poverty reduction support areas. The ruling party, FRELIMO, has been paying special attention to those provinces of opposition party, RENAMO. It means that FRELIMO is using development policies to cut into RENAMO's political foundation. This strategy seems to have been successful. FRELIMO managed to establish superiority in those provinces formerly dominated by RENAMO - such as the Manica and Zambezia provinces in the central region. It resulted in a land-slide victory of FRELIMO in the 2009 general election. FRELIMO took power in local administrations other than Beira city.

Table3-7 The result of the general election in Mozambique (1994, 2004, 2009) (unit: %)

	1999	2004	2009
FRELIMO	52.3	63.7	74.66
RENAMO	47.7	31.7	17.68
MDM	-	-	3.93

Source: AIM - Mozambique News Agency

Table3-8 The list of local governing parties in major cities

City name	2004 Governing party	2009 Governing party	City name	2004 Governing party	2009 Governing party
Pemba	Frelimo	Frelimo	Chimoio	Frelimo	Frelimo
Montepuez	Frelimo	Frelimo	Manica	Frelimo	Frelimo
Mocimboa da Praia	Frelimo	Frelimo	Catandica	Frelimo	Frelimo
Lichinga	Frelimo	Frelimo	Beira	Renamo-UE	MDM
Cuamba	Frelimo	Frelimo	Dondo	Frelimo	Frelimo
Metangula	Frelimo	Frelimo	Marromeu	Renamo-UE	Frelimo
Nampula	Frelimo	Frelimo	Inhambane	Frelimo	Frelimo
Nacala Porto	Renamo-UE	Frelimo	Maxixe	Frelimo	Frelimo
Ilha de Mocambique	Renamo-UE	Frelimo	Vilankulo	Frelimo	Frelimo
Monapo	Frelimo	Frelimo	Xai Xai	Frelimo	Frelimo
Angoche	Renamo-UE	Frelimo	Chokwe	Frelimo	Frelimo
Quelimane	Frelimo	Frelimo	Chibuto	Frelimo	Frelimo
Mocuba	Frelimo	Frelimo	Mandlakazi	Frelimo	Frelimo
Milange	Frelimo	Frelimo	Manhica	Frelimo	Frelimo
Gurue	Frelimo	Frelimo	Matola	Frelimo	Frelimo
Tete	Frelimo	Frelimo	Maputo	Frelimo	Frelimo
Moatize	Frelimo	Frelimo			

Source: Municipalities Association

Beira city in the Sofala province is the only city which put a non-FRELIMO mayor in position in the last general election held in 2009<sup>36</sup>. It is said that the FRELIMO government takes unfavorable actions and interventions in poverty measures in Beira city. The result of the poverty rate in 2010 is attributed to this intervention.

### 3.3.2 Vulnerability Analysis

Vulnerability is defined as the exposure and sensitivity of persons or households to the risk of hunger and livelihood shocks or a risk of deteriorating food insecurity - no matter what the level of poverty of household. The risk is a combination of the probability or frequency of

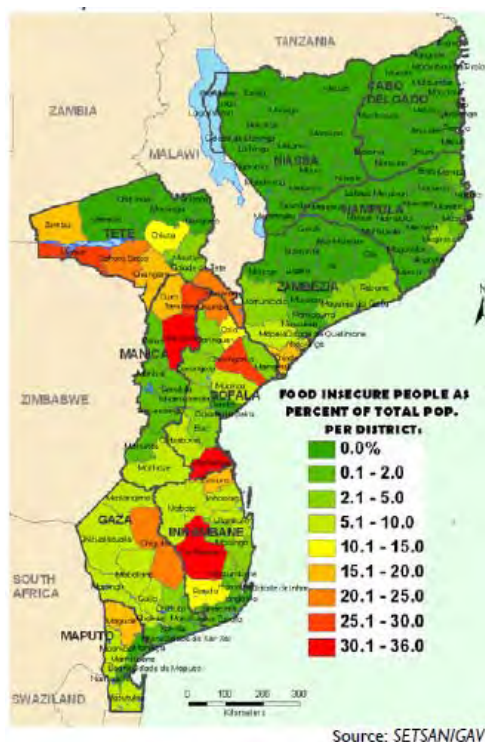
<sup>36</sup> Mr. David Simango of the mayor is a former RENAMO member of the party. It is RENAMO party membership from 2004 to 2009, and he is the Beira mayor. In the general election in 2009, new political party and MDM were founded, and the Beira mayor was reelected.



occurrence of a defined hazard and the magnitude of the consequences<sup>37</sup>. It has been thought that food insecurity, natural disasters (which affect agricultural productivity), and a deteriorating health situation, including HIV/AIDS and poor nutrition are factors that influence vulnerability in Mozambique.

In addition, Mozambique faces natural disasters, drought and flood every two to three years. Both drought and floods negatively impact on agricultural productivity. Once there is a slump in agricultural production, the balance of demand and supply is lost – and the price of food increases. The increase in the price of food negatively impacts on living in poverty and results in vulnerability.

Table3-9 Food insecurity in Mozambique



Losses in the labor force due to chronic diseases, such as HIV/AIDS, will increasingly be a factor that will increase vulnerability. According to the “*Comprehensive Food Security and Vulnerability Analysis*” of WFP, about two-thirds of deaths are male - who are the main breadwinners for households. Sofala, Maputo and Cabo Delgado provinces are particularly vulnerable to this scenario<sup>38</sup>. The loss of the main income source degrades living standards. It creates additional problems, such as lowering agricultural productivity and failure to send

<sup>37</sup> JICA (2010) “Kingdom of Cambodia, Study for Poverty Profile in the Asian Region”

<sup>38</sup> The rate of HIV of 15 to 49 years old is as high as 16%

children to school. Thus, it causes a ripple effect which results in increased vulnerability.

A Comprehensive Food Security and Vulnerability Analysis found the Coping Strategy Indicator (CSI) in Mozambique is 25 (27.5 for rural areas and 24 for urban areas)<sup>39</sup>. The CSI was 40 in a similar study conducted by WFP in 2008. Thus, the CSI has improved. Neighboring countries Lesotho and Zambia were over 60. Zimbabwe and Malawi were 40 in the 2008 study<sup>40</sup>.

### 3.4 Factor Affecting Poverty

#### 3.4.1 Domestic Factors

##### (1) Factors in agricultural (rural) areas

The factors impacting poverty are varied in urban and rural areas. As repeated many times, the main industry in rural areas is agriculture but it is less modernized and productivity is highly weather-dependent. The economic situation is over-dependent on unstable conditions and agricultural incomes are the main cause of poverty.

The population of rural areas grew to 15 million in 2008. It is expected that most of them engage in agriculture. As the population grew, the number of smaller-scale farmers increased to 3.7 million in 2008 - representing 20 percent in six years. On the other hand, agricultural modernization was slow, if any, to improve. Use of chemical fertilizers and pesticides remains very low at 4.1% and 3.8% respectively. Receipt of extension information, irrigation systems and credit are also low: 8.3%, 8.8% and 2.6% respectively. One of the serious problems is that there is little to no improvements made in agricultural modernization. This is despite the fact that a sector development strategy was implemented in 2002. Despite budget constraints and poor management capacity of the implementers, further efforts are necessary to improve this situation.

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<sup>39</sup> CSI(s) are restriction of the number of times of a meal, restriction of an intake, borrowing of food and casual labor. It means the stress to a household economy where access to food is so low and the numerical value is low.

<sup>40</sup> WFP (2008) The Coping Strategies Index-A tool for rapid measurement of household food security and the impact of food aid programmes in humanitarian emergencies

Table3-10 Trend in agricultural-related indicators

	2002	2003	2005	2006	2007	2008	Difference of 2002-08 (%)
Cultivated area (1000ha)	4,185	4,535	5,552	5,612	5,672	5,602	33.9
No. of small farmers (1000)	3,270	3,210	3,333	3,396	3,619	3,725	19.1
Average farm size (ha)	1.3	1.4	1.7	1.7	1.6	1.5	2.0
Household size (average)	5.0	5.0	5.3	5.1	4.9	5.1	2.0
Rural Population (million)	12.4	12.7	14.0	13.7	14.0	15.1	21.5
Receipt of extension info (% farmers)	13.5	13.3	14.8	12.0	10.1	8.3	-38.5
Use of chemical fertilizer (% of farmers)	3.8	2.6	3.9	4.7	4.1	4.1	7.9
Use of pesticides (% of farmers)	6.8	5.3	5.6	5.5	4.2	3.8	-44.1
Use of irrigation (% of farmers)	10.9	6.1	6.0	8.4	9.9	8.8	-19.3
Receipt of credit (% of farmers)	-	2.9	3.5	2.9	4.7	2.6	-10.3

Source: MPD (2010)"Understanding Poverty and Well-being Mozambique: Third National Poverty Assessment"

## (2) Factors in urban areas

The factors in urban areas are different to those in rural areas. Employment (unemployment) is the main factor affecting poverty in urban areas. The unofficial unemployment rate in Maputo city is 40 percent<sup>41</sup>. It is 36 percent in Beira city, which is the third largest city in Mozambique<sup>42</sup>.

There are various reasons for the higher unemployment rate in urban areas. Privatization since 2000 encouraged lay-offs. Not all refugees from the Civil War have returned their hometowns but rather have moved into the urban areas<sup>43</sup>. The agriculture industry in urban areas fails to absorb surplus labor due to the scale of non-arable land. In addition, unlike Asian development, there is limited industry in Mozambique which is labor intensive and it is not an area which is showing any growth<sup>44</sup>.

These factors have caused higher unemployment rate in urban areas<sup>45</sup>. Thus, the frustration with ineffective government and its policies has been building up. Large-scale riots occurred in September 2010 which was triggered when the government announced an increase in the price of bread and petrol. The background of higher unemployment rate in urban area is a mismatch in the labor market. In spite of higher economic development due to large investment inflows into mining, agricultural and service sectors, higher unemployment rate has been a key

<sup>41</sup> Fransisco Alar"Performance Management of the Police in the Context of Public Sector Reform in Mozambique"

<sup>42</sup> Lurdes Mutola Foundation, <http://www.flmutola.org.mz/people-and-places/locations/maputo/>

<sup>43</sup> ILO(2006)Socio-economic Integration of Mozambican Youth into the Urban Labor Market: The Case of Maputo

<sup>44</sup> Katsumi Hirano (2009)

<sup>45</sup> About an unemployment rate, the column of employment explains details below.

challenge. It implies that the supply side fails to provide much needed human resources to the labor market. For example, demands for engineers in the mining sector and accountants in the financial service sector are high. However, there are limited numbers of qualified workforce in Mozambique<sup>46</sup>.

The government fully understands the need for a marketable workforce and has been putting efforts into training and upskilling professionals. The government implemented the Employment and Profession Training Strategy, which trained 170 000 people (120 000 males and 50 000 females) in 5 years up to end 2009. The strategy plans to create one million employment opportunities by 2015. However, the lack of investment in job creation and capacity building to meet market criteria becomes a constraint to growth and progress<sup>47</sup>. New strategy currently being developed - the PARP - focuses on job creation as a pillar of poverty strategy. Continuous efforts are necessary to tackle the problem.

### (3) Budget is dependent on donor assistance

As mentioned, Mozambique is currently implementing the Fourth National Development Plan (2010-2014). The PARPA is also regarded as an action plan to achieve the goals of the Development Plan. The PARPA II (2006-2010) had eight cross-cutting targets, gender, HIV/AIDS, environment, food and nutritious security, science technology, agricultural development, natural disaster and de-mining. The PARP is currently under development and seems to focus on two main issues, agricultural productivity development and improvement in urban employment.

The government tackled poverty by allocating budget to education, health - including HIV/AIDS - infrastructure development and agricultural development. Table 3-13 explains the budget allocation since 2006 to 2010. The budget for education was the largest allocation at 21.2 percent of total budge. The health budget comprised 18-19 percent of the total budget. The share for agriculture was 7 percent. It should be noted that this allocation is a shift away from the usual trend which is the result of PARP being implemented.

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<sup>46</sup> The number of the engineers per 1 million in 2002 is overwhelmingly insufficient of engineers with two persons.

<sup>47</sup> Republic of Mozambique "Report on the Millennium Development Goals" (2010)

Table3-11 Sectoral budget allocation (2006-2010)

	2006*	2007	2008	2009	2010
The State (Office of the President, Legislature, Embassies, Defense, INE, CNE/STAE)	9.9%	11.6%	9.8%	10.3%	8.6%
General and technical education	18.9%	18.0%	19.0%	19.8%	21.2%
Higher education, technology	3.1%	3.4%	3.8%	3.8%	3.9%
Health and AIDS	19.0%	18.1%	18.1%	18.0%	18.3%
Roads and Highways	12.5%	13.4%	13.8%	13.6%	13.9%
Waters	5.3%	5.3%	5.9%	5.8%	5.5%
The Legal Structure	8.1%	7.6%	7.4%	7.3%	7.3%
Agriculture, MIC [Ministry of Industry & Commerce], Natural Resources, Tourism	7.2%	7.6%	7.6%	7.3%	7.2%
Other	16.0%	15.0%	14.7%	14.2%	14.1%
<b>Total (in millions of contos)</b>	<b>44,216</b>	<b>46,467</b>	<b>48,039</b>	<b>50,752</b>	<b>52,837</b>

\*Figures include the estimated value of off-budget items, on the order of US\$35 million, and special financing for elections and the census on the order of US\$ 30 million.

Source: P ARPA II

It is a challenge for Mozambique that its national budget is heavily dependent on general budget support and a sector wide approach (SWAPs). Table 3-14 shows that expenditure is almost double that of income and chronic deficits have been filled by donor assistance. Most of donor assistance tends to be used for implementation of projects and programmes. Any delay or halt in disbursement will affect the progress of poverty reduction strategies. In fact, the disbursement in 2010 was delayed due to the global financial crisis and it caused chaos on the ground.

The government intends to improve the situation. The chaos that happened in 2010 has encouraged the government to be less dependent on the budget. The establishment of a sound tax collection system is necessary to achieve this goal.

Table3-12 Source of budget (1 million MT, %)

	2005	2006	2007	2008	2009	% of GDP				
						2005	2006	2007	2008	2009
Tax revenues	20.9	27.8	34.5	39.2	47.4	13.8	15.4	16.0	16.0	17.8
Donation	11.9	18.2	20.3	23.0	25.4	7.8	10.1	9.4	9.4	9.5
External debt	8.1	9.2	8.7	7.9	14.4	5.3	5.1	4.1	3.2	5.4
Internal-affairs debt	3.6	0.1	0.0	0.4	0.3	2.4	0.0	0.0	0.1	0.1
Sum total	44.5	55.3	63.5	70.5	87.5					

Source: Republic of Mozambique" Report on the Millennium Development Goals" (2010) P116

Note: 1UD = 35Mt

#### (4) Governance

The Global Governance Indicator of World Bank analyses the governance situation in Mozambique. It helps us to understand the changes since 2004 to present. The composite

measures of governance generated by the Unobserved Components Model (UCM) are in units of a standard normal distribution, with mean zero, standard deviation of one, and running from approximately -2.5 to 2.5, with higher values corresponding to better governance. The percentage ranking ranges from 0 (lowest) to 100 (highest)<sup>48</sup>. The World Bank publishes the report every year from 2004.

Table3-13 Global Governance Indicators (2004-2009)

	2004	2005	2006	2007	2008	2009
Voice and Accountability	-0.03620	0.01552	-0.10297	-0.05746	-0.05393	-0.06767
Ranking	47.56	49.51	45.67	46.63	46.15	46.91
Political Stability and Absence of Violence	-0.21432	-0.01605	0.45108	0.30109	0.31419	0.47900
Ranking	39.42	45.67	59.13	55.28	54.54	63.67
Government Effectiveness	-0.50247	-0.37788	-0.45067	-0.42464	-0.34132	-0.34472
Ranking	36.89	39.80	38.83	40.57	42.51	43.80
Regulatory Quality	-0.44863	-0.56300	-0.49593	-0.44476	-0.41250	-0.32276
Ranking	36.58	28.29	32.19	34.95	37.68	41.90
Rule of law	-0.68817	-0.68090	-0.60272	-0.59266	-0.60144	-0.57719
Ranking	29.52	30.95	32.85	32.38	32.05	33.49
Control of Corruption	-0.65614	-0.60385	-0.60504	-0.53707	-0.46588	-0.41018
Ranking	29.60	34.95	33.49	35.74	38.16	41.42

Source: World Bank <http://info.worldbank.org/governance/wgi/index.asp>

Except for “Political Stability and Absence of Violence”, the other five indicators are negative and there has been no progress since 2004. The political stability by the FRELIMO government contributes a relatively higher score for “Political Stability and Absence of Violence”. It was ranked 63.67 in 2009. Regarding “Voice and Accountability”, there is an authoritarian management of policies by the FRELIMO government but there is some presence of civil society such as G20. Thus, the ranking was 46.91 in 2009. Ranking on “Rule of Law” and the “Control of Corruption” remains low.

There have been some progresses in decentralization in Mozambique with the collaboration of donors. However, the administrative system and organization is highly centralized<sup>49</sup>. There is no local parliament and the central government controls policies and programmes. It is impossible for the central government at Maputo to effectively control everything happening in

<sup>48</sup> For further reference, please see <http://info.worldbank.org/governance/wgi/resources.htm>

<sup>49</sup> As an example of donor support aiming at promotion of decentralization, the "National Decentralization Planning and Finance Programme was implemented by the World Bank and other donors.

Mozambique with a vast geographical territory. Acceleration of decentralization is necessary to implement effective development programmes.

#### (5) Employment

The official unemployment figure for Mozambique is 18.7 percent of FTRAB. It is relatively lower than neighboring countries, like South Africa (30%)<sup>50</sup>. However, only 13.3 percent of the total number of employers is engaged in the formal sector or are informal workers, such as self-employed workers. Family workers - made up of self-employed or contributing to the family - comprise 86.7 percent of total workers (62.1% and 24.6% respectively).

Table3-14 Employment status (unit %)

	2005	
	Whole	Only urban areas
Waged and salaried workers	13.3	36.2
Self-employed workers	62.1	52.3
Contributing family workers	24.6	11.5

Source: ILO (2009) National Profile of Working Conditions in Mozambique

Considering urban employment, the unofficial unemployment rates in Maputo and Birea cities was 40 percent and 36 percent, respectively. Only 36.2 percent of urban workers are engaged in the formal work and 63.8 percent are in the informal sector. It implies a dire situation faces urban citizens. Table 3-17 shows the types of occupation in urban areas. The 39.1 percent of total employees are skilled agricultural workers and fishery workers, which pays the lowest minimum salary. Higher paid jobs, namely “Senior officials, professionals and technicians” only make up 10.1 percent of the total formal employment.

Table3-15 Share of formal workers by type of occupations (unit %)

	2005
Senior officials, professionals, technicians, etc.	10.1
Clerks	3.1
Personal service and sales workers	23.5
Skilled agricultural workers and fishery workers	39.1
Craft and related trade workers	10.1
Unskilled workers, elementary occupations	11.3
Others	2.7

Source: ILO (2009) National Profile of Working Conditions in Mozambique

<sup>50</sup> Although the South Africa government is not announcing the unemployment rate in a broad sense - including the workers who gave up employment – an investigation by an international organization or a private research institute has revealed that the unemployment rate exceeds 40%.

Table3-16 Minimum wage by industries (Unit: Mt)

	Minimum wage
Agriculture, livestock, hunting and forestry	1 486 - 1 500
Fisheries	2 050
Mining	2 120
Manufacturing	2 300
Electricity, gas and water	2 403
Construction	2 215
Non financial services	2 250
Financial services	2 758

Source: ILO (2009) National Profile of Working Conditions in Mozambique

As explained in the “Factors in urban areas”, the challenges in the labor market are obvious. As with other African countries, the mismatch of demand and supply causes problems in the market. On the demand side, there is limited industry to absorb the labor force and this limited industry has not grown. The majority of the workforce are either self-employed or are family contributing workers. On the supply side, there are a limited number of qualified workers to meet the requirements of the formal sector. Thus, the number of workers who are agricultural workers or unskilled workers is growing and less formal work happens.

#### 3.4.2 Poverty Reduction by Geopolitical Factor and Private Investment

Geographically and historically, Mozambique has a deep connection with its neighbor, South Africa. Both countries have a strong economic and social relationship now. Today, South Africa is the biggest trading and investment partner in Mozambique. South Africa issued 170 applications for investment between 2000 and 2004 - which amounted to 1.07 billion USD for Mozambique. This huge investment by South Africa has contributed to the current economic growth in Mozambique. South Africa represents a share of 28 percent of total investment business cases and 51.2 percent of total investment<sup>51</sup>. Among the investments made is the Mozart project. It was an investment made by BHP Billiton, Mitsubishi Corporation and Industrial Development Corporation of South Africa (IDC). In addition, investment in other sectors has boomed, such as in finance, retail, agriculture, leisure and restaurants.

Trade with South Africa is crucial to the Mozambique economy. The inflow of goods from South Africa – such as cloths, commodities and foods - are essential for people in Mozambique to sustain their life. This is obvious in Maputo city.

In addition to investment and trade, the mining sector and agriculture sector are the two main industries that South Africa has invested in and this offers employment opportunity to people

<sup>51</sup> Katsumi Hirano "African deployment of the African South Africa company which a floatation changes, and the China company" (IDE)



in Mozambique. A lot of people migrated to South Africa as mining workers and take cash income back to the family in Mozambique. From 2005 to 2009, 220 000 people migrated to South Africa to work in the mining industry. At least 33 000 people migrated to work on commercial farms in South Africa<sup>52</sup>. In 2008, the remittance reached 110 million, which represents 1.2 percent of total GDP<sup>53</sup>. This remittance is an important source of income for people living in poverty and their families<sup>54</sup>. The Gaza province has been a main source of migrants to South Africa. The remittance has been regarded as one of two sources of cash income and is spent on the purchase of food, tuition fees and upgrading agricultural equipments<sup>55</sup>. This cash income helps alleviating poverty in Mozambique. South Africa is a country with a high HIV rate. The negative impact of migrants to South Africa is rapid spread of HIV/AIDS<sup>56</sup>. It is obvious that the South African influence through migrant activity in mining and agricultural, investments and trade contributes to create employment opportunities and development of the manufacturing sector. By doing so, poverty reduction has made progress. On the other hand, South African products dominate the market of Maputo city, which is the biggest market in Mozambique. No domestic products can compete with highly modernized and industrialized products from South Africa. Thus, this implies that South Africa hinders development of Mozambique local industries.

Mining of the largest coal source in Tete province and two development projects are under progress. The Vale of Brazil has been developing what is called the Motigaze project. It will produce 17.6 million tons of coals. The launch is planned for 2011. Another project is called the Benga project. It has been jointly developed by Riversdale of Australia and Tata Steel of India. It will produce 20 million tons per year and will be launched in 2011. Both projects will construct the thermal power plants. The impact of those big projects is not limited to Tete province but to whole economy of Mozambique.<sup>57</sup>

### 3.4.3 Factors in Globalisation

Please refer to the section of 3.4.2.

## **IV Medical insurance and service targets people in poverty**

There are no a medical insurance and services that specializes in people living in poverty. However, a free medical service is provided to all citizens. It means that there is no public

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<sup>52</sup> Republic of Mozambique (2010) "Report on the Millennium Development Goals"

<sup>53</sup> Afribiz <http://www.afribiz.info/content/remittance-inflows-into-african-countries>

<sup>54</sup> This tendency is especially remarkable when the woman supports the household economy.

<sup>55</sup> Bridget O'Laughlin (2009) Rural Social Security and the Limits of Associativismo in Southern Mozambique

<sup>56</sup> IOM Briefing Note on HIV and Labor Migration in Mozambique

<sup>57</sup> Ministry of Foreign Affairs "the Mozambique general view"

share of medical costs. The free medical service includes medical consultation and basic medical goods. Free distribution of ARV to HIV patients is included. These costs are covered by budget support assistance from the PAPs. Thus, the delay of disbursement that happened in 2010 made the ARV scheme dysfunctional and caused the chaos on the ground<sup>58</sup>.

Price control of bread and oil was been implemented as measure for people living in poverty. The oil price is maintained 1USD per a liter. The bread price remains low to make affordable for the poor. It is a vestige of socialist policies where the control of prices is designed to alleviate poverty. The announcement of a rise in the price of bread in September 2010 triggered off a full-scale insurrection in Maputo which expanded to the whole of Mozambique<sup>59</sup>. It underpins the importance of the price control to people in Mozambique.

## **V. Financial service which the poor can use**

### **5.1 Microfinance**

Only 14 percent of the population has access to a financial organization in Mozambique. It has been an urgent task of the government to establish new financial structures to increase accessibility of people in poverty to banking. The government and the Bank of Mozambique have developed new regulations to improve this situation. The introduction of micro financing is one of measure introduced. It was a strategy that Pascoal Mocumbi, then Prime Minister of Mozambique, announced whereby Mozambique would set itself the target of reaching 100 000 microfinance beneficiaries in the Washington World Micro Credit Summit in 1997<sup>60</sup>. In 1998, “the General Guideline for rural development in Mozambique” (Resolution 3/98) was approved and it promoted a microfinance service in the agricultural sector. In 2005, the beneficiaries reached to 100 000 people<sup>61</sup>. The government continues to put effort into promoting microfinance in Mozambique<sup>62</sup>. The National Directorate of Rural Development and Promotion (DNDPR) has been instrumental in the development of the microfinance studies, including the National Microfinance Strategy. It organizes three national microfinance conferences, and hosts steering committees for the country’s major microfinance programmes. The government’s non-intervention policy in letting the microfinance sector evolve has been crucial<sup>63</sup>. The DNDPR produced various policies and strategies and the Bank of Mozambique supervises microfinance organizations. It is a challenge that the services and activities have concentrated

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<sup>58</sup> It is based on local hearing results of an investigation.

<sup>59</sup> That whose bread of 3Mt was 6Mt at 4Mt rose in price and used 7Mt.

<sup>60</sup> Fion de Vletter (2006)“Microfinance in Mozambique Achievements, Prospects & Challenges”

<sup>61</sup> Fion de Vletter (2006)“Microfinance in Mozambique Achievements, Prospects & Challenges”

<sup>62</sup> As main laws for microfinance, Regulation of Microfinance (Decree 57/2004), Extension of Financial. There are Services to Rural Areas and (10-/GBM/2007) Credit and Financial Institutions Law (Law 15/99, and Law 9/2004).

<sup>63</sup> Fion de Vletter (2006)“Microfinance in Mozambique Achievements, Prospects & Challenges”

on in urban areas and limited number of organizations provide microfinance services in rural areas. Table 5-1 below shows data on microfinance in 2009.

Table 5-1 MFI data of Mozambique

Gross loan portfolio USD, 2009	62.2 million
Number of active borrowers 2009	90,258
Average loan balance per borrower USD, 2009	336.5
Deposits USD, 2009	60.2 million
Total assets USD, 2009	36.3 million
Number of depositors 2009	278,983

Source: MIX Microfinance Information eXchange

(<http://www.mixmarket.org/mfi/country/Mozambique>)

International NGOs such as CARE and World Vision started to implement microfinance projects in the 1990s. The service then spread to urban areas. In the process of its development, main actors have shifted from major international NGOs to local NGOs, which have had support from international NGOs. The number of microfinance organizations has fluctuated: 42 in 1997, 29 in 2002 and 32 in 2005. There are only 8 organizations providing microfinance services in rural areas<sup>64</sup>. The majority of the organizations focus on urban areas. However, these organizations and their activities contribute to rural development, especially the promotion of cashable production and commercialization of agriculture. It is said that tobacco production, which is a key source of foreign currency in Mozambique, achieved drastic growth due to microfinance support<sup>65</sup>. The Bank of Mozambique supervises microfinance implementation. It is involved in issuing licenses and the supervision and monitoring of services. Microfinance organizations are divided into three types, Micro bank, Credit Corporative, and others by scale and business targets.

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<sup>64</sup> Ibid.

<sup>65</sup> Ibid.

Table 5-2 Types of microfinance organization in Mozambique

Microfinance organization			Minimum Capital (MT)	Business				Remarks
				Reception of Deposit		Concession of Credit		
				From citizen	From member	To citizen	To member	
The surveillance of a central bank is required	Micro bank	General savings and credit unit	5,000,000,000 ,000	O	n/a	O	n/a	Deposit should be made by citizens and the Bank approved banks.
		Rural Financia l Unit	1,200,000,000 ,000	O	n/a	O	n/a	Activities should be focused on rural areas.
		Econom ic Unit	2,400,000,000 ,000	O	n/a	O	n/a	NGOs are part of organizers.
		Postal Saving Unit	1,800,000,000 ,000	O	n/a	x	n/a	Postal organizations run activities.
	Credit Corp	Credit Corpora tive	200,000,000 ,000	x	O	x	O	The service beneficiaries are members only.
Monitoring of a central bank is required	Others	Saving and loan associati on	150,000,000	x	O	O	x	
		Micro credit operator s	75,000,000	x	x	O	n/a	
		Deposit interme diaries	n/a	O	n/a	x	n/a	

Source: Bank of Mozambique"Tracos principais do licenciamento e da actividade das instituicoes de microfinancas em mocambique”

Notes: Citizens are average citizens. People other than a member are meant.

Notes: 1USD=35Mt

As the Table 5-3 shows, it takes more time to familiarize the public with financial services. The number of new accounts being opened is increasing but is restricted to urban areas. The performance in rural areas is very limited.

Table 5-3 Impact (2010) of each financial institution

	Deposit		Credits % of GDP	Bank branches / 100,000
	Number of Accounts	% of GDP		
Commercial Banks	140.50	38.40	26.83	2.89
Cooperatives	.	0.19	0.00	0.10
Microfinance organizations	.	.	0.06	0.90

Source: CGAP, Financial Access 2010

Notes: The number of accounts is per 1 000 adults.

In addition to microfinance, informal financial services have become popular in Mozambique. The informal financial service, named Xitique, is a system that manages savings for the funeral of family members or close relatives (Funeral Association). It is well-known in Mozambique<sup>66</sup>.

## 5.2 Mobile Banking

As at end June 2009, there were 21.6 million mobile users. This represents 22.4 percent of total population<sup>67</sup>. The need mobile banking is high and expected to grow. However, there is a limited incidence of mobile banking within Mozambique. In December 2010, Mozambique Cellular, the state-owned cell phone company, better known as Mcel, launched the first mobile banking service. The service, which is called Mkesh<sup>68</sup>, will be operated by Carteira Moval SA. The service aims to enable safe and easy access for the entire population to financial services such as storing and moving money without owning a traditional bank account. To join, all a person needs to do is go to a store (Mcel or any other agent authorities Mkesh the country) with a photocopy of one of these documents, identity document, passport, and voters card. The person requests the activation of an account. With Mkesh, customers can transfer money to friends and family, and make payments for goods and service. It is possible to send money to people even if they are not Mkesh service users. Thus, there is streamlines trade in the sub-urban and rural areas which contributes to the growth and prosperity of the country.

## IV. Livelihood Support to people and households in poverty

The social security system of Mozambique is defined by Law Number 3/2007. Social security is divided into the following three systems, basic Social Security System for people living in poverty, Compulsory Social Security for employees and additional Social Security for self-employed workers.

<sup>66</sup> Fion de Vletter (2006)"Microfinance in Mozambique Achievements, Prospects & Challenges"

<sup>67</sup> ITP. Net <http://www.itp.net/579905-mozambique-to-gain-third-mobile-operator>

<sup>68</sup> Mkesh web site is [http://www.mkesh.co.mz/?page\\_id=5](http://www.mkesh.co.mz/?page_id=5)

The Ministry for Women and Social Action takes responsibility for the Basic Social Security System through the National Institute of Social Action of Mozambique (INAS) - created in 1997. The system benefits people who are incapable of working and includes, people living in abject poverty, children, the elderly and persons with disability and degenerative disease<sup>69</sup>.

There are a few programmes under the Basic Social Security System, such as:

- the Direct Social Support Programme
- the Social Benefit for Work
- the Community Development Programme

Table 6-1 The programmes under the Basic Social Security system

Scheme name	Overview
Food Subsidy Program	: The programme started in 1990. Its targets are people incapable of working.
Direct Social Support Program	: Targets people living in abject poverty. They need direct intervention and support by the government.
Income Generation Program	: The purpose is to acquire marketable skills in rural areas (mainly agricultural skills).
The Benefit for Work	: Its purpose is to provide opportunities to participate in economic activities.
Community Development Program	: Infrastructure development to increase the accessibility to the basic service.

Source: <http://south-south.ipc-undp.org/component/k2/item/210-mozambique>

Mozambique's Social Protection Strategy focuses primarily on subsidized education and basic health. There are two schemes, the National Program against HIV/AIDS, and the Minimum Income for School Attendance. The former scheme provides 100 USD per year to home care patients. There were 5,500 beneficiaries in 2010. The scheme pays the patient who is recuperating at home from the AIDS infection - about 100 dollars in every year, 5,500 persons are benefiting as of 2010. The latter scheme is a joint pilot project of the Ministry of Education and Culture, ILO and UNCTAD. It focuses on poor rural households with children of school-going age and reaches 5 000 families with 2 USD per month per child<sup>70</sup>.

## V. Poverty reduction monitoring

Mozambique has implemented PARPA which is a national poverty reduction strategy (mentioned earlier). The PARPA sets strategic targets on poverty reduction by 2015 through

<sup>69</sup> South-South learning on social protection

<sup>70</sup> <http://south-south.ipc-undp.org/component/k2/item/210-mozambique>

economic development. The progress is reported in “Report on the Millennium Development Goals” with the support of the UNDP. The MPD is the institution that is responsible for poverty issues and the collection of information on poverty. In addition, the MPD consultants with related ministries and G20 have implemented the poverty reduction strategies. Regarding poverty monitoring, the government and PAPs signed a Memorandum of Understanding and developed a framework to monitor progress of poverty reduction strategy. Since then, an annual joint review of poverty reduction is held twice a year. The review determines the amount of budget support. The results of the review are agreed as “Aide-Mémoire” by both parties and are open to the public<sup>71</sup>.

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<sup>71</sup> Measure towards framework construction more comprehensive than the assistance cooperation - in Sakumoro Rie (2008) Mozambique

Table 7-1 Overview of the Progress of Mozambique toward the MDGs

Millennium Development Goals	Index	1997	2003	2009	Mozambique governmental target (2015)	MDGs achievement prospect
1 Extreme Poverty and Hunger	Proportion of population living below the national poverty line (%)	69.4	54.1	54.7	40	Potentially
	Poverty gap ratio	29.3	20.5	21.3	n/a	
2 Universal Primary Education	Net enrollment rate in primary education (EP1)	44	69.4	64.5	100	Potentially
	Primary education completion rate (EP1)	22	38.7	77.1 <sup>72</sup>	100	
	Literacy rate of 15-24 years old	52.1	58.2		n/a	
	Adult literacy rate (15 years or above)	39.5	46.4	46.9	n/a	
3 Gender Equity	Ratio of girls to boys in EP1	0.71	0.83	0.9	1	Probably
	Ratio of literate women to men (15-24 years of age)	0.62	0.83	n/a	1	
	The proportion of seats held by women in the national parliament	28	35.6	37.2	50	Strong
4 Child Mortality	Under-five mortality rate (per 1,000 live births)	245.3	154	138	108	Probably
	Rate of infant mortality (0-1 year, per 1,000 live birth)	143.7	101	93	67	
	Proportion of 1 year old children immunized against measles	55	63	58	95	Strong
	Rate of coverage with DPT3 and HB in 0-12 month old children	58	67	71	n/a	
5 Maternal Health	Rate of maternal mortality (per 100,000 live birth)	692		500.1	250	Potentially
	Proportion of births attended by skilled health personnel (15-49 years, %)	44.2	47.7	55.3	66	
	Contraceptive prevalence rate	6	18.2	16.2	34	Reasonable
	Antenatal care coverage with at least 1 visit (%)	71.4	84.5	92.4	95	
6 HIV/AIDS, Malaria and other diseases	Rate of prevalence of HIV/AIDS among adults (15-49 years of age)	8.6	9.3	11.5	n/a	Potentially
	Prevalence of HIV in pregnant women aged 15-24 years	11	12.9	n/a		
	Rate of incidence of		134	94	80	

<sup>72</sup> The numerical value in 2009



	malaria among under-five (per 10,000)					
7	Environmental Sustainability	Proportion of the population will access to an improved water source of which: total	37.1	35.7	51	70

Source: Republic of Mozambique "Report on the Millennium Development Goals" (2010)

Most of index in Table 7-1 shows that MDGs are improving by comparison with 1997. There is a great improvement in two focused areas by the government, namely education and the child mortality rate. However, there are still gaps with targets of MDGs and it will be a challenge to achieve these targets by 2015. The index that follows explains the situation in more detail.

#### (1) Goal 1: Reducing Extreme Poverty

In order to achieve the MDGs targets, this indicator means the country should reduce the incidence of poverty to 40 percent in 2015<sup>73</sup>. The proportion of the population living below the national poverty line in 2008/09 improved to 54.7 percent at the national level. However, the country has a long way to go to achieve the MDG targets. There were no statistically significant changes between 2002/03 and 2008/09<sup>74</sup>. The population living under poverty is estimated to have increased from 9.9 million in 2003 to 11.7 millions in 2008/09. The rate of incidences across the three provinces - Niassa, Cabo Delgado and Tete - remains at relatively lower: between 31 percent and 42 percent. On the other hand, Maputo, Zambezia, and Gaza provinces are high: between 60 percent and 70 percent. There is also gender gap in poverty indices. The families headed by women have higher levels of poverty than those headed by men: a difference of 5 percent.

Table 7-2 Percentage of families in absolute poverty in Mozambique 1997-2009

	1997	2003	2009
Male headed household.	69.9	51.9	53.9
Female headed household	66.8	62.5	57.8

Source: Republic of Mozambique (2010) "Report on the Millennium Development Goals" P15

According to "Report on the Millennium Development Goals", the cause of higher poverty are:

- lower productivity in agriculture
- aggravation of trade due to increase of international food and fuel
- cumulative effect of the HIV/AIDS epidemic

<sup>73</sup> Since it was 80% as of 1990, the reduction by half means 40%.

<sup>74</sup> Republic of Mozambique "Report on the Millennium Development Goals" (2010)

In addition, poor domestic distribution systems prevent market information exchange. This is problematic for the disposal of surplus food. It is estimated 30 percent of agricultural production is wasted. Table 7-3 presents the data of the globally common poverty line in Mozambique. This was announced by the World Bank.

Table 7-3 Poverty Index

	1997	2003
Poverty Gap at \$1.25 a day (PPP) (%)	42	35
Poverty Gap at \$2 a day (PPP) (%)	59	54
Poverty headcount ratio at \$1.25 a day (PPP) (% of Population)	81	75
Poverty headcount ratio at \$2 a day (PPP) (% of Population)	93	90

Source: World Databank (<http://www.worldbank.org/>)

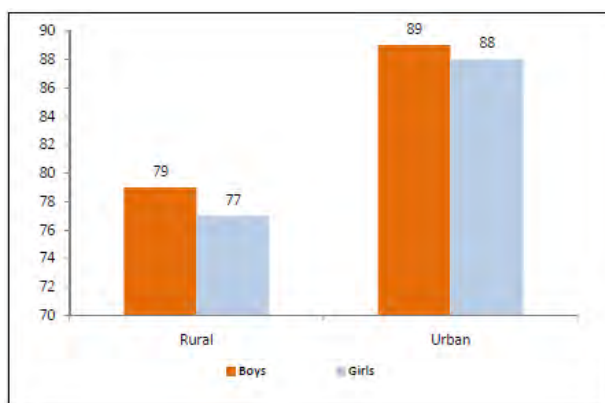
(2) Goal 2: Achieving Universal Primary Education

There are two grades of primary education, first level (G1-G5) and second level (G6-G7). According to "Report on the Millennium Development Goals", the enrolment rate of primary education has been improving from 22 percent in 1997 to 77.1 percent in 2010. Maputo city is about to reach 100 percent enrolment rate (currently 95.9 percent). The worst performing province is Tete province at a rate of 69 percent enrolment. It is expected to achieve the targets of MDGs.

There are geographical and gender disparities. The enrolment rate is:

- boys in urban areas is 89 percent
- girls in rural areas is 77 percent

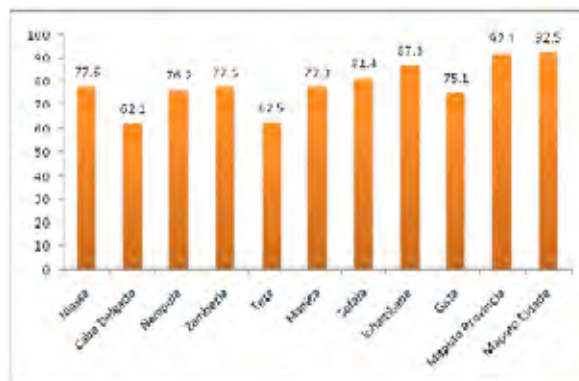
Table 7-4 Net primary school enrolment rate for school-going age children by areas of residence and by sex in Mozambique 2008



Source: Republic of Mozambique "Report on the Millennium Development Goals" (2010)

The completion rate of primary education is varied by provinces. Maputo city and Maputo province achieved over 90 percent. However, Cabo Delgado and Tete provinces showed poor performance, around 60 percent.

Table 7-5 Net primary education (1<sup>st</sup> level) completion rate by province in Mozambique, 2008



Source: Republic of Mozambique "Report on the Millennium Development Goals" (2010)

As seen above, the quality of education is a newly emerging challenge. Further efforts are necessary to overcome it.

### (3) Goal 3: Promotion of Gender Equality and Empowerment

The girl-boy ratio of primary education has increased to 0.9 since 1997. The Multiple Indicator Cluster Survey (MICS) (2008) of UNICEF showed that the national girl-boy ratio is 0.97 (0.99 in urban areas and 0.96 in rural areas). It is estimated to achieve the three targets of MDGs. However, there are gender disparities in the completion rate. The boys' completion rate is 79.7 percent and the girls' completion rate is 74.4 percent. The female illiteracy rate has improved but is still high. It was 74.1 percent in 1997 and improved to 56 percent in 2009. This is attributed to the traditional way of thinking that there is a lower need for girls to be educated and a high maternity rate. Vocational training to meet requirements in the market will be a new challenge for this sector.

### (4) Goal 4: Reducing Child Mortality Rate

The mortality rate for children five and under reduced to 138 per 1 000 in 2008 from 245.3 per 1,000 live births in 1997. This means that one in four children will not live longer than six years. This trend is applicable to the infant mortality rate. Improvements in the immunization rate have contributed to the drastic drop in the mortality rate. The immunization

rate of the diphtheria pertussis tetanus vaccine (DPT) improved from 55 percent in 1997 to 64 percent in 2008. The measles immunization rate increased to 71 percent from 58 percent. In particular, 85 percent of infants in urban areas had been immunized. This reflects an improvement in accessibility to health facilities. According to the National Assessment of Maternal and Neonatal Health Needs in Mozambique, the main causes of institutional neonatal deaths are:

- premature birth (50%)
- serious suffocation (32%)
- neonatal sepsis (29%)

In the first 7 days after delivery, 49 percent of neonatal deaths happen<sup>75</sup>. This data indicates further development of health facilities is an urgent issue in the healthcare sector. There has been limited improvement in the malnutrition rate among children 5 years and under. It has reduced by only 4 percent in the last 5 years (2003 to 2008). Poor nutrition is considered to be one of the main causes to a higher infant mortality rate.

#### (5) Goal 5: Improvement Maternal Health

Antenatal care coverage with at least one visit is well spread and the rate reached 92 percent in 2007/8. However, the maternal mortality rate (per 1 000 000 live births) remains high at 500 deaths in 2007/08. It was small improvement (142) compared to 1997. It is far beyond the MDGs target, which achieves 250 per 100 000 live births. One of the causes for the higher maternal mortality rate is a lower rate of delivery in the well furnished health institutions. The report on the “Millennium Development Goals” shows that the national coverage of institutional deliveries was 58 percent in 2008. There is also regional disparity:

- 81 percent in the urban areas
- 49 percent in the rural areas

There has been some improvements in relation to the 2003 data (34%)<sup>76</sup>.

#### (6) Goal 6: Combat HIV/AIDS, Malaria and other disease

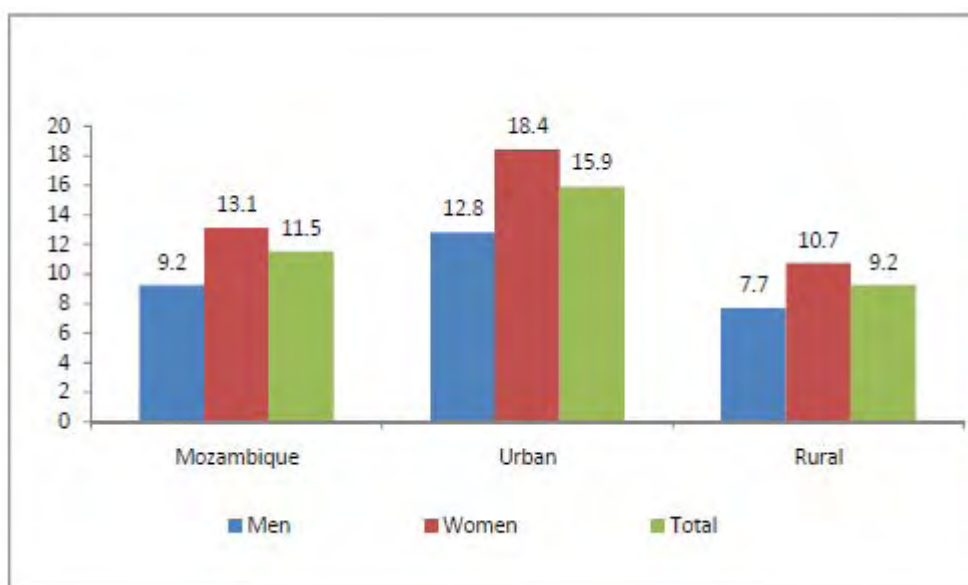
The spread of HIV/AIDS is a threat to the development in Mozambique. The prevalence of HIV/AIDS among adults 15 to 49 years old has worsened: from 8.6 percent in 1997 to 11.5 percent in 2009. The prevalence rate is higher in women (18.4 percent) than in men (12.8 percent).

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<sup>75</sup> Republic of Mozambique (2010) "Report on the Millennium Development Goals"

<sup>76</sup> Republic of Mozambique (2010) "Report on the Millennium Development Goals" P 70-71

Table 7-6 Prevalence of HIV among adults aged 15-49 years by province 2009



Source: Republic of Mozambique (2010)"Report on the Millennium Development Goals"P80

Looking at provincial disparities, Gaza province has the highest prevalence rate of 25.1 percent. On the other hand, Niassa province has the lowest rate of 3.1 percent, which is only one-eighth of Gaza province. The difference in people's movements could be a reason for the disparity. Gaza province is the main provider of migrant labor to the South Africa mining sector, while Niassa province is located in the north and has limited access to South Africa. South Africa is one of the countries suffering from highest prevalence rate of HIV/AIDS in the world. It is easily expected that migrant workers become infected in South Africa and take the disease to Mozambique.

(7) Goal 7: Ensuring environment sustainability

As explained in Point 2.2.6, the percentage of the population with access to an improved water source has made progress: from 37.3 percent in 1997 to 56 percent in 2009. The expectation is that the country will achieve MDGs targets in 2015. However, the regional disparity is a crucial challenge in Mozambique. According to the MICS (2008), Maputo city achieved 94 percent, Zambezi province remains at only 24 percent, Cabo Delgado province achieved 30 percent and Manica province achieved 32 percent. The data by provinces is shown in the Table 7-6.

Table 7-7 Rate of population with access to an improved water source

Niassa province	44
Cabo Delgado province	30
Nampula province	43
Zambezia province	24
Tete province	34
Manica province	32
Sofala province	48
Inhambane province	35
Gaza province	61
Maputo province	68
Maputo city	94

Source: UNICEF (2008) Multiple Indicator Cluster Survey

## VI. Methodology to update poverty profile in Mozambique

Mozambique has fundamental data and information, such as, “Poverty and Wellbeing in Mozambique”, “Report on the Millennium Development Goals”, the census to comprehend and analyze the poverty situation. The surveys above have offered the best and most effective methodology for understanding the poverty situation in Mozambique over the years and to track the data. In addition, a lot of international organizations have conducted their own research for their own sake and these those documents are open to the public. Typical documents of international organizations include, “Multiple Indicator Cluster Survey” of UNICEF and “Human Development Indicator” of UNDP. The table below lists the documents that the report referred to - and includes the publishers, frequency of update, and recent updated date.

Documents	Publishers/Authors	Frequency of update	Updated Date
Census	INE	Every 10 years	2007
Report on the Millennium Development Goals	Republic of Mozambique	Every year	2010
Poverty and Wellbeing in Mozambique	MPD	Every 5 years	2010
Household Survey	INE	Every 5 years	2008/09 Not open to the public
Multiple Indicator Cluster Survey	UNICEF	Irregular date	
World Government Indicator	World Bank	Every year	
Human Development	UNDP	Every year	

Indicator			
African Economic Outlook	AfDB	Every year	
National Profile of Working Conditions in Mozambique	ILO	n/a	
World Governance Indicator	World Bank	Every year	
Financial Access	World Bank/CGAP	Every year	
Comprehensive Food Security Vulnerability Analysis	WFP	Every year	