

REGIONAL INEQUALITY AND THE PERSISTENCE OF POVERTY IN MOZAMBIQUE, EXPLAINED FROM THE PERSPECTIVE OF THE VICIOUS CIRCLE OF POVERTY

Gilberto Libânio¹
Castigo José Castigo²



Introduction

After its independence in 1975, Mozambique adopted the centrally planned economy for managing the country, following the example of many African countries that have achieved independence since the 1960s. From 1984, the country began the process of exit from this system after not finding, in the former Union of Soviet Socialist Republics (former USSR), a partnership to support development plans. Thus, in 1987, the Structural Adjustment Programme (SAP) was initiated as an important step towards the adoption of the market economy system, with support from the United States and other Western countries, through the *Bretton Woods* institutions.

The SAP process, which was locally called as the Economic Restructuring Programme (ERP), has had social impacts, increasing poverty, which was mainly due to measures of economic liberalization and privatization, which caused widespread unemployment and a reduction in the purchasing

¹ Postgraduate Program in Economics, Universidade Federal de Minas Gerais. Belo Horizonte, Brazil. E-mail: gilberto@cedeplar.ufmg.br. ORCID: <http://orcid.org/0000-0002-4583-4346>

² Postgraduate Program in Economics, Universidade Federal de Minas Gerais. Belo Horizonte, Brazil. E-mail: cecastigo2018@gmail.com. ORCID: <http://orcid.org/0000-0002-1162-4738>

power of the population. Such adverse results led to the reformulation of the program, so that it included social issues, becoming known as the Economic and Social Restructuring Program (ESRP), from 1990. However, the concrete policies of the Mozambican government for poverty reduction began in 2001, by designing and beginning the implementation of the Action Plan for Absolute Poverty Reduction 2001-2005 (PARPA I). Thus, the year 2001 can be considered as the beginning of concrete policies to combat poverty in Mozambique.

The implementation of PARPA I occurred in a context where about 70% of the population lived below the poverty line³, with notable inequalities between urban and rural areas, regions (north, center, and south), and provinces. After the implementation of three poverty reduction plans by the Mozambican government, an evaluation was carried out in 2014/15, which found a reduction of poverty to 46.1% at the national level. However, there was still persistent rural and urban inequality and between provinces, with rural poverty standing at 50.1%, while urban poverty stood at 37.4%, in addition to the multidimensional poverty that was even greater (GdM 2001; MEF 2015).

This raises the following question: *to what extent have regional inequalities adversely affected the effectiveness of policies to combat poverty in Mozambique?* To answer this question, the Vicious Circle of Poverty (VCP) perspective is used to explain the persistence of poverty in the context of significant regional inequalities that characterize the economy of Mozambique, in the period 2001-2014.

Therefore, the study aims to analyze how regional inequalities negatively affected policies to combat poverty in Mozambique and dictated their persistence and unequal incidence, using the VCP perspective. More specifically, it is intended to demonstrate the existence of unequal development or opportunities between regions and provinces, and to analyze how this difference in development/opportunities influenced poverty reduction, finding its basis in the VCP.

In methodological terms, the study used a combination of bibliographic and documentary methods and used secondary data to analyze the problem under study. In the bibliographic method, it will support articles, papers, manuals, among other materials, for the construction of the theoretical foundation. In the document, it used reports from official institutions in Mozambique, such as the Ministry of Economy and Finance (MEF), the defunct Ministry of Planning and Development (MPD), and Planning

³ That includes monetary (income and consumption) and non-monetary (other basic needs) poverty. Such concepts will be better explained below.

and Finance (MPF), where it used socioeconomic values resulting from the assessment of poverty in the country, and reports from the National Institute of Statistics of Mozambique (INE) to obtain secondary data for the analyses, demonstrating existing inequalities and the effectiveness of policies implemented. The discussion of the effectiveness of poverty reduction policies was based on five variables, with the evolution of absolute and multidimensional poverty as a dependent, and access to education, health, and employment opportunities as independent variables. In other words, this work investigates how unequal access to employment opportunities, education and health has negatively impacted poverty reduction. Due to the lack of two variables in a direct way, in place of access to employment opportunities, the activities that the head of household exercises were used as a proxy, and in the access to education, the level of illiteracy was used as a proxy.

In terms of contribution, it is expected to be able to initiate some change in the way poverty is discussed and to propose alternative policies, as many of the work undertaken so far generally identifies policy outcomes, interested only in their evolution or stagnation over time, but do not discuss the reasons behind this behavior. By using the foundations of the VCP to explain the persistence and unequal incidence of poverty in some regions or provinces, it is hoped to awaken the idea that regional or provincial inequalities may hinder, if confirmed, their connection with the foundations of the VCP, reducing poverty, resulting in its persistence unevenly due to the possible inefficiency of policies.

To answer the problem under study, the work consists of six parts, in addition to this introduction. The next section provides the theoretical framework, discussing the concepts of poverty, inequality and poverty, Cumulative Circular Causation (CCC), and VCP. The third section presents a brief historical, political, and socio-economic contextualization of Mozambique. In the following, there are the policies implemented in the period 2001-2014 and the inequalities between regions and provinces in access to employment opportunities, education, and health. The fifth section discusses the effectiveness of policies in the period 2001-2014, in the face of inequalities, trying to find out how the VCP can influence the effectiveness of policies to fight poverty. And the sixth part presents the final considerations.

Theoretical Framework

Conceptualization of Poverty

The conceptualization and measurement of poverty have been changing since the Industrial Revolution when it began to attract the attention of researchers and governments in measuring its size and understanding its causes. Since then, the questions related to the income necessary for the individual's physical subsistence guided its treatment, followed by the concern of the dimension of the satisfaction of basic needs. Currently, several deficiencies to characterize poverty are identified.

This fact makes poverty a complex phenomenon, because, over time, subjective issues were being aggregated beyond income, all to be able to describe and measure poverty (De Codes 2008, 6). This causes poverty to be currently defined and treated under various approaches in different pieces of literature, but most fall on the issues of deprivation or lack of choices that can lead people to a dignified life. For example, Foster *et al.* (2013, 1) consider poverty as the absence of choices that are acceptable, in a wide range of existing decisions, to lead a dignified life, or the lack of freedom to do what one wants. Haughton and Khandker (2009, 1) regard poverty as a pronounced deprivation of well-being, which may be the result of lack of sufficient income for consumption, lack of access to a decent home, health, or education, among other aspects.

We can see that in the definitions raised, among several others possible, poverty is the result of the conjunction of many phenomena that condition and deprive people to live a dignified life. It is therefore in the interests of many governments and international organizations to reduce them through policies and programs. Thus, to discuss the success of different public policies implemented or programs, it is important to know about the approaches to their measurement, as it will be from them that concrete and appropriate policies will be designed for their reduction, assessment, and monitoring of their effectiveness.

Poverty Measurement

As a complex phenomenon, poverty has several approaches to measuring it, which results in a multiplicity of indicators, but which will not be subject to exhaustion in this work. However, developing countries, of which Mozambique is a part, focus on poverty in terms of spending on consumption

or income and the approach to multidimensionality. Thus, the measurement, for this work, will focus on two indicators: (i) absolute poverty line, which is based on income or consumption deprivations; and (ii) multidimensional poverty, which includes other variables.

i) Absolute Poverty Line

This approach has three methods to enumerate: the cost of basic needs, the consumption of food energy, and subjective evaluations. In these three methods, the cost of basic needs is the most used, in which the cost of acquiring sufficient food for adequate nutrition is estimated (usually 2,100 calories per person/day). In this way, everyone below this line is considered poor. This has been the most widely used measure to identify the poor over time and space, with widespread use in low and middle-income countries. The absolute poverty line remains fixed over time, adjusted only to inflation, as in the United States, where it has been in force (in real terms) since 1965. It allows monitoring the evolution of poverty over time and is also useful in evaluating policies and programs to combat poverty (Foster *et al.* 2013, 27; Haughton and Khandker 2009, 40).

ii) Multidimensional Poverty

The multidimensionality of poverty was brought about by the World Bank's 2000/2001 World Development Report 2000 and made concrete by the Human Development Report (HDR) 2010, which joined the deprivation approach also initiated by the United Nations Development Programme (UNDP) in 1997. This approach includes elements such as access to health, education and housing, possession of durable goods, freedom of expression, self-confidence, security, among others, elements that also determine poverty if there is a need or deprivation. Thus, the indicator that includes these elements measures multidimensional poverty.

Ferreira (2011, 495) points out the lack of consensus in multidimensional poverty since there are many subjective elements to translate deprivations to well-being, which gives space to the use of various multidimensional poverty indices. Nevertheless, this measure has been widely used, mainly

since 2010 in the HDR as a result of cooperation between Oxford Poverty and the Human Development Initiative (OPHI)⁴.

In the specific case of Mozambique, starting with the absolute poverty line, this is obtained, on the one hand, through the selection of a basic food basket, which: (i) reflects the patterns of consumption of poor families within the geographic space and provides approximately 2,150 calories per person/day, and (ii) respect a range of spatial and temporal conditions of preference that ensure comparability between the quality of baskets in geographical spaces and over time. And on the other hand, the non-food poverty line, focusing on access to public goods and services. Thus, the computation of the poverty line in Mozambique, in the fourth evaluation 2014/2015, was estimated at USD 1.54 PPP per person/day at 2011 prices (MPD 2010, 3-5; MEF 2016, 11).

In turn, the official multidimensional poverty index in that country captures deprivation in six indicators: completion of primary education by someone in the family, safe water source, safe sanitation, house coverage in a conventional material, access to electricity, and the possession of durable goods⁵ (MEF 2016, 10-11).

Therefore, for this work, we will use the data compiled in the different IOFs, for showing consistency and comprehensiveness in the period under study, although the multidimensional poverty index on the country is published in parallel in different documents of an international character, as is the case with the HDR of the different years since 2010.

Inequality and Poverty

Inequality refers to non-equity or non-proportional distribution among members of a region, country, or society of opportunities, resources, income, consumption, wages, access to public services such as health, education, and other basic services to enjoy a dignified life, and to the political space and social identity for a good coexistence in society. This is often considered an injustice that can be resolved through public policies, because it

⁴ The Multidimensional Poverty Index compiled in this Convention and reported in human development reports since 2010 takes into account deprivation in ten indicators, namely: nutrition, infant mortality, years of schooling, school attendance, cooking fuel, sanitation, drinking water, electricity, housing, and durable goods.

⁵ The index calculation uses the Alkire-Foster methodology (A-F), one of the methodologies used internationally to aggregate and determine this Multidimensional Poverty Index (H).

is not something divine or natural, and can be changed to improve the living conditions of those affected (Rohwerder 2016; Ali 2010).

Inequality is, therefore, a concern of many countries, especially emerging and developing countries, which have major inequalities among members of society, such as Mozambique. Although there are several approaches to treat and measure inequality, some authors choose the Gini Index⁶, which measures the concentration of income or consumption in a certain group. However, for this work, due to the need to confront the VCP and include multidimensional poverty in its analyses, it is necessary to treat inequality equally in a multidimensional way, in order to be compatible with the concepts of poverty adopted.

UNICEF *et al.* (2014) considers inequality as a problem in itself, and also a challenge to the eradication of extreme poverty, due to its impact on the efficiency of policies to fight poverty and economic growth, because high levels of inequality undermine the sustainability of economic growth due to its negative impacts on human capital, institutional legitimacy, and social cohesion, among other things. It also states that inequality may be the result of a lack of investment or political negligence in certain geographical areas, sectors, or population groups. However, this work is not intended to explore the origins of inequalities, but how their existence impacts on poverty reduction, the difference in access to education, health, and employment opportunities as upstream factors in the fight against poverty, as discussed by CCC and VCP, that will be addressed in the following section.

Cumulative Circular Causation and Vicious Circle of Poverty

The concept of Cumulative Circular Causation (CCC) was approached and developed by Myrdal in his works on the study of development. Myrdal understands the idea of Cumulative Circular Causation as the appropriate method for the study of the processes of underdevelopment and development and contributed decisively to the enumeration of the abstract principles of the CCC model (Toner 1999). Particularly, it should be noted: (i) the notion that economic and social changes tend to generate elements that reinforce themselves — which brings the implication that the "free" market perpetuates the tendency to underdevelopment and inequality between regions or between countries; (ii) the proposition that circular and cumulative forces

⁶ It is derived from the Lorenz curve, and varies from 0 to 1, where 0 means perfect equality and 1 means perfect inequality or few individuals have it all.

can be counterbalanced by economic policy actions. It is also pertinent to note that Myrdal attributed equal importance to economic and non-economic factors (cultural, political, and social) for the understanding of development processes.

In his work *Economic Theory and Underdeveloped Regions* (Myrdal 1960 [1957]), in which he refers to the works of Winslow and Nurkse, who in their studies on development and underdevelopment made mention of the VCP to discuss the cause and effect of poverty. In this sequence, Winslow relates disease and poverty, stating that the disease affects the poor more intensely. Therefore, they become poorer due to the disease, by affecting their disposition and vigor at work, which makes the circular process cumulative, in which a negative factor is simultaneously the cause and effect of other negative factors.

Following the same line, Nurkse relates hunger and poverty, arguing that it is more likely that the poor man does not have enough to eat, weakening his health, making his productivity lower, which would imply more poverty. This reduces their ability to provide food, so successively. Thus, this cumulative circular process, left to be solved by market forces, will promote increasing inequalities (Myrdal 1960, 26-27).

Therefore, Myrdal (1960, 28), by the presence of the process of cumulative circular causation, denies the existence of stable equilibrium for social realities, because the autonomous transformations in the system would not provoke compensatory changes, being able to generate worse situations, if left to the internal forces to resolve themselves. To stabilize the system, external interference through planned policies is necessary to stop the movement, break the VCP.

By studying the African American population in the first half of the 20th century, who lived in poverty, discrimination, precariousness, and social fragility, Myrdal argued that their ability to get out of poverty was inhibited by prejudice and precarious living conditions, because the prejudice of whites and the low standard of living of blacks are, conversely, cause and effect. Because of this, poverty was fed by living conditions and the lack of guarantee of civil rights, which was reinforced by the discrimination they lived, being born the thesis that "poverty creates poverty" or "vicious circle of poverty" or even that "a country is poor because it is poor".

So, Myrdal argues that modifying any of the forces, or the prejudice of whites or the low standard of living of blacks, would bring changes in the other, triggering a cumulative process of mutual interaction, where an improvement of one element of the forces would lead to the improvement

of the other, so successively (Myrdal 1960, 29-32). Considering that the persistence of both forces is equivalent to a system in which the forces are in opposite directions, in this case there would be hardly a balance, proposing an external shock (public policies) for them to walk in the same direction, causing a CCC with primary, secondary, tertiary effects, so successively, between the variables, because they intertwine.

In this case, among the factors that influence the standard of living of blacks who deserve this external shock, Myrdal considers that each has its quantitative weight, but chooses the time factor to analyze its effects. For example, it considers that providing employment opportunities can have more immediate effects than promoting access to health and education (Myrdal 1960, 33-35).

Therefore, even if Myrdal advocated that the promotion of access to education and health have a slow effect, it is a consensus today and is advocated by several international organizations supporting poverty programmes, which are structuring elements, by creating conditions for increasing labor productivity in the case of health and providing skills for access to different employment opportunities in the case of education. For this reason, we will adopt as variables employment opportunities and access to education and health, to study the influence that public policies have had in the fight against poverty in Mozambique.

Thus, using the Myrdal CCC principle, we started from the assumption that unequal access to these variables would influence the effectiveness of the policies adopted, being less effective in the regions with low access and more effective in the regions with greater access. However, before starting this discussion, a brief historical, political, and socioeconomic context of Mozambique is presented in the next chapter, in order to perceive the dynamics behind the current condition of inequalities.

Historical, political, and socioeconomic context of Mozambique

Mozambique is a country located in the eastern part of sub-Saharan Africa, in the southeastern portion of the African continent, with a territorial extent of approximately 799,379 Km². Its territory is bordered to the east by the Indian Ocean, to the north by Tanzania, to the northwest by Malawi and Zambia, to the west by Zimbabwe and to the southwest by South Africa and

Swaziland (Figure 1). The country has 11 provinces⁷, 23 cities and 62 villages, Maputo being the capital of the country (Maloa 2018, 160-165).

Figure 1: Map of Mozambique



Source: PPG Consulting (2012).

⁷ Divided into three regions: North (Cabo Delgado, Niassa and Nampula); Center (Zambezia, Tete, Manica and Sofala); and South (Inhambane, Gaza, Maputo Province and Maputo City).

Brief Historical and Political Context

For the historical and political contextualization of Mozambique, we can divide into four periods: colonial period; post-independence period and experience of centrally planned economy; transition to liberalism and structural adjustment programs; and the present period and challenges of the 21st century.

The colonial period lasted almost 500 years, between the arrival of the Portuguese in Mozambique in 1498 and the national independence in 1975. But effective occupation began from the end of the 19th century, after the Berlin Conference (1884-1885). In this period, the economy was based on the accumulation and export of surpluses to the metropolis, in which agriculture and industry were based on forced labor to meet the existing white minority, and on the export of raw material. The technological development of the industry was a result of the modernization of the Portuguese industry in the 1930s, because, at this time, it required a replacement, as it was obsolete, and its relocation would be in the colonies to, thereby reducing the opportunity cost of modernizing it, since it was technologically backward, which has resulted in the transfer of a backward industry which has been involved in modernizing it to this day. Because, for the settlers, Mozambique had to be: (i) a source of raw material for Portuguese industries, (ii) a supplier of cheap labor, (iii) a market for Portuguese manufacturing goods, and (iv) a labor market for the Portuguese unemployed. These practices were accompanied by class segregation, as the domestic population did not have equal access to education and health, let alone paid work for a dignified life, and led to a very deep social crisis, the effects of which accompany the country to this day (Castel-Branco 1994, 90-95; Bellucci 2007, 60-71).

The post-independence period (1975-1984) began with the national independence gained by a nationalist movement, as was the case in other African countries, led by FRELIMO⁸ since 1964. This period was characterized by a massive exodus of Portuguese who guaranteed the functioning of the colonial economy, which was a challenge to the new government to establish policies to compensate for this lack of cadres. In 1977, the country adopted the management model of the centrally planned economy, with a single party, and the economic policies characterized by the nationalization and nationalization of the means of production, with the state as the main economic agent. While trying to rebuild the country, it plunged into a civil war even in 1977, in addition to the sabotage of neighboring countries dominated by the white minority.

8 The Mozambique Liberation Front was a nationalist movement founded in 1962.

This period was marked by the collapse of the national infrastructure, the lack of investments in productive assets and the various generalized hunger crises. Thus, in order to overcome the underdevelopment inherited from colonialism, in this post-independence period, a socialist plan was adopted which was designated the Prospective and Indicative Plan (PIP), the aim of which was to eliminate underdevelopment in just 10 years (1980-1990), but this plan did not have the necessary support of the former USSR, and Mozambique was refused its accession to CMEA (Council for Mutual Economic Assistance), an economic aid bloc among socialist countries. At this time, the state had to cover about 50% of public investments through external debt to maintain the economy, having led to the country's insolvency in 1983 with a debt of 1.4 billion dollars. Thus, the deepening of the social crisis and the advancing war of internal destabilization led to a transition to neoliberal policies on IMF standards, which began their negotiation in 1984, with an implementation started in 1987 (Castel-Branco 1994, 101-102; Bellucci 2007, 135-175).

In the transition to liberalism (1987-1997), Mozambique introduced the Bretton Woods Institutions' Structural Adjustment (SA) Economic Restructuring Programme (ERP) in 1987 and approved a more market-friendly constitution in 1990, where agriculture continued as the basis of development and industry as the driving factor of the economy. The peace agreement was signed, marking the end of the 16-year civil war in 1992. These factors removed the barriers that prevented development, and the country began to access the funds of international partners and began to privilege the private sector and market forces for economic development and not the state, as before. The ERP left marks of social scope (poverty), which led to the reformulation of a program that included social issues, which became known as ESRP, from 1990. Thus, after the period of SA, a survey was carried out to assess the level of poverty in 1996/1997, which found that this affected 70% of the population. This result inspired the design of policies to combat poverty, whose implementation began in 2001, still with great technical and financial support from abroad (Bellucci 2007, 183-204; Cruz *et al.* 2014, 12-13).

The current period and the challenges of the 21st century was characterized, at the beginning of the new millennium, by a period of high economic growth (average annual rate of 7%) between 1998 and 2018, which made the country one of the economies of sub-Saharan Africa with a consistently high growth rate in this period and macroeconomic stability as a result of the SA and the continuation of external assistance, but nothing that would eliminate extreme poverty. Public debts in this period were controlled at levels of sustainability, until the discovery of hidden debts, endorsed by the government

without the parliament's authorization, between 2013 and 2014, which led to the departure of all cooperation partners in 2016. The inclusion of hidden debts in public accounts led to an increase in the stock of debt and exceeded the country's GDP from 2016. The new discovery of resources (coal, gas and probably oil) since the beginning of the 21st century would be a hope for the country, but its exploration and the Foreign Direct Investments (FDI) linked to this discovery, are carried out by megaprojects with little connection with the economy, and capital-intensive technology in a country with surplus labor and low technical qualification. In other words, the employment generated by these megaprojects is insignificant. These aspects reveal the continuous marginalization of a large part of the population, so that agriculture remains the activity that supports most of the population, because labor-intensive industries (textiles, footwear, among others) do not find a financial structure and technological capacity that is competitive in the foreign market (Bellucci 2007, 245-255; IMF 2014, 32-38).

Finally, in addition to these challenges to development, the current political instability, due to attacks by armed groups, has created many refugees in the central and northern regions since 2013 and 2017, increasing the vulnerability of populations and social inequality.

Policies for reducing regional poverty and inequality in Mozambique

Poverty Reduction Plans

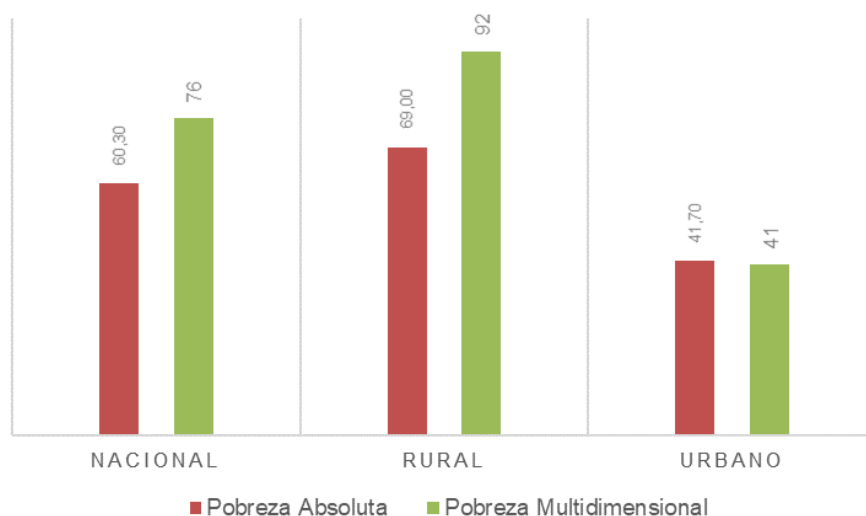
The first diagnosis of poverty in Mozambique was carried out in 1997 by the National Institute of Statistics (INE) and showed that absolute poverty affected on average about 70% of the population⁹. In this incidence of poverty, imbalances (regional inequalities) between urban and rural areas, regions (north, center, and south) and provinces (GdM 2001, 23-24) were notable. After one year of implementation of PARPA I, the second IOF was carried out, which found a reduction of absolute poverty by approximately 10 percentage points to 60.30% at the national level.

Multidimensional poverty, which demonstrates the families' lack of access to basic services and durable goods, presented a high level (76%), and also showed a persistence of inequality in its incidence between rural and

⁹ This result showed, to some extent, the negative impacts of the implementation of shock policies to access the support of the Bretton Woods institutions.

urban areas. Thus, multidimensional poverty presented about 92% of private people in rural areas against 40% of urban ones, and absolute poverty had 69% and 41.70%, respectively, according to graphic 1 below.

Graphic 1: Poverty Profile in Mozambique (%) (2002-2003)



Source: Prepared by the author, based on MEF data (2016).

This persistence has led the Mozambican government to implement two more poverty reduction action plans: (i) Action Plan for Absolute Poverty Reduction, 2006-2009 (PARPA II); and (ii) Action Plan for Poverty Reduction (PARP III), 2011-2014. It follows that in PARP III, the word "Absolute" was removed, because, from the perspective of the Mozambican government, poverty was no longer absolute¹⁰. In these three plans, despite the bad experiences experienced in the implementation of SAP programs, the fight against poverty continued to be at the forefront of the international agenda, due to the chronic dependence on the country's external aid.

Thus, the main lines defined by the international donors were essentially good governance (decentralization and the fight against corruption), increased productivity in the various sectors and agrarian production through

¹⁰ A concept that may be out of the question because poverty is not only absolute by reducing people below the poverty line, but by improving conditions and not having more people below the poverty line. However, it is not intended to discuss this issue in the relevant work.

the green revolution, among other measures. In this perspective, according to Brito (2012, 29-31), the lines and priorities of the plans drawn up by the government were:

Table 1: The Lines and Priorities of PARPAs (2001-2014)

Plan Designation	Period	Plan Priorities
PARPA I	2001-2005	It focused on key areas such as education, health, infrastructure (roads, energy, and water), agriculture and rural development, good governance, legality and justice, and macroeconomic and financial policies, complemented by areas such as business development, job creation, social action, housing, mining, fisheries, tourism, manufacturing industry, transport and communications, technology, environmental preservation, and reducing vulnerability to natural disasters.
PARPA II	2006-2009	It was based on cross-cutting issues such as gender, HIV/AIDS, environmental preservation, food and nutrition security, science and technology, rural development, calamities, demining, based on governance pillars, human capital, and economic development.
PARP	2011-2014	It prioritized the increase of agricultural and fisheries production and productivity, the promotion of employment, and human development, and the promotion of the private sector through the pillars of good governance, management of macroeconomic policy and public finances.

Source: Brito (2012, 29-31).

Thus, in the three plans, despite several lines of priorities that the government has launched as policies and have permanently prioritized the generation of employment, agriculture was only given greater prominence at the last level and there was a discontinuity in education as a key policy for poverty reduction. Furthermore, it can be noted that good governance has been prioritized in all plans, as a policy line, as it is considered a way to bring the state and public services closer to citizens, making management more able to respond to needs in rural areas, which would enable local governments to formulate and implement policies for the poor.

However, the allocation of the State Budget (SB) in the period under study did not show this willingness or pretension of the government to

decentralize resources for the resolution of citizens' problems in rural areas, because the SB flowed less to the districts. Therefore, the annual budgets did not demonstrate this intention of budgetary decentralization, leading to inequality in access to public services between the central level and the districts (rural regions).

Regional Inequalities: Employment, Education and Health

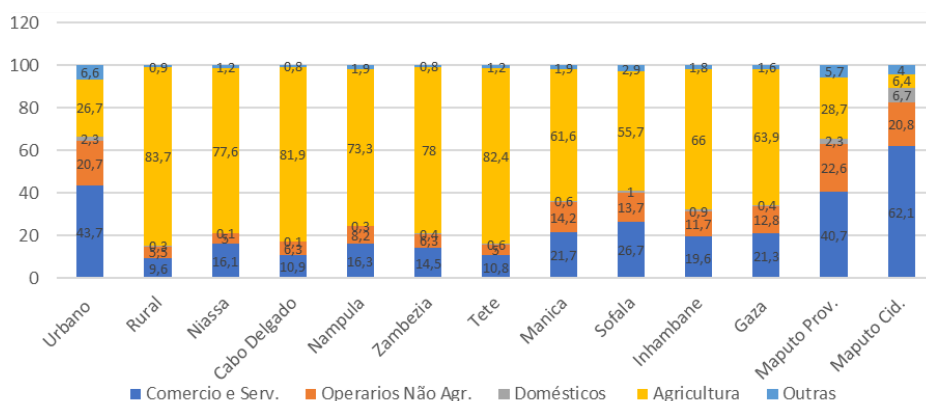
In the assessment of poverty that has been made by the Mozambican authorities, specifically by the INE and MEF, since 2001, several indicators have been used to measure inequalities. However, in this work, as a result of the use of the foundations of the VCP, the activities practiced by heads of families (to represent job opportunities), illiteracy (to represent access to education) and access to health will be considered. With regard to employment opportunities between urban and rural regions, the distribution was uneven between 2014/15. According to graphic 02 below, in the rural region almost 83.7% of heads of households were occupied in agrarian activities; only 15.1% (5.5% of non-agricultural workers and 9.6% of trade and services) had non-agricultural employment. However, in urban areas, about 26.7% of these bosses were engaged in agricultural activities and 64.4% (20.7% of non-agricultural workers and 43.7% of trade and services) in other activities outside agriculture.

These regional differences in employment opportunities, where a large part of the rural population was engaged in agriculture, considered to be of lower productivity than other sectors, have a major impact on household income and poverty reduction, because employment in agriculture can create more poverty due to one of its classic problems, particularly in Mozambique, which is characterized by monoculture and seasonal work. Thus, even if the salary were high, considering the months in which one does not work, it would be insufficient for subsistence. This labor regime does not create a productive workforce and, on the other hand, makes it exceedingly difficult to organize it in the face of employment conditions, compromising the improvement of the living conditions of workers in agriculture (Castel-Branco 2019).

On the other hand, part of the population that is linked to non-agricultural activities (industry, trade, and services) has the potential to earn a better income for a decent lifestyle, due to productivity and job stability in these sectors.

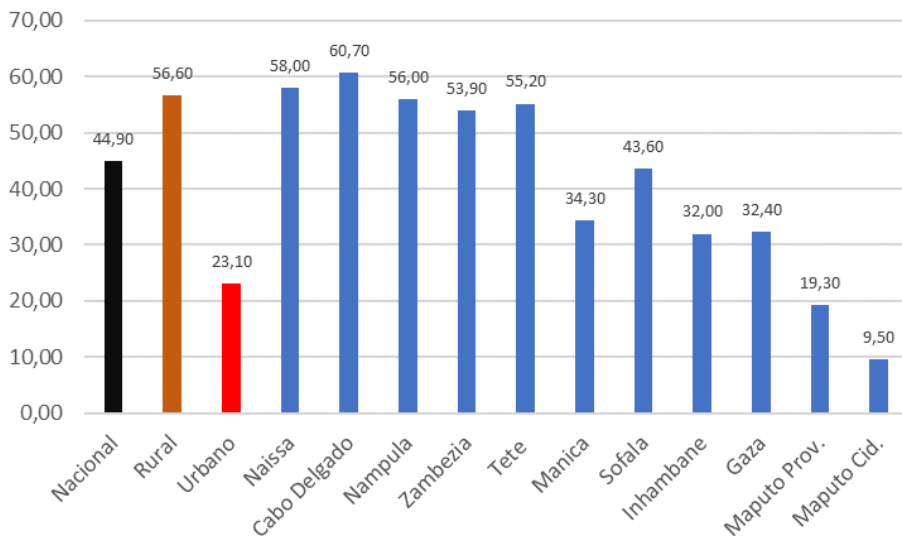
This difference of opportunity is also present between provinces. According to Graphic 02, the provinces of the northern region, such as Niassa, Cabo Delgado and Nampula have an average of about 80% of the population linked to agriculture. In the central region, the province with most of the population engaged in agrarian activities is the province of Tete, with about 82.4%. The southern provinces of Mozambique, mainly those of Maputo and Maputo City, showed a low rate of population to devote themselves to agricultural activity, with 28.7% and 6.4%, respectively.

Graphic 2: Heads of Family by Main Occupation, 2014-2015



Source: Prepared by the author, using IOF data 2014/2015.

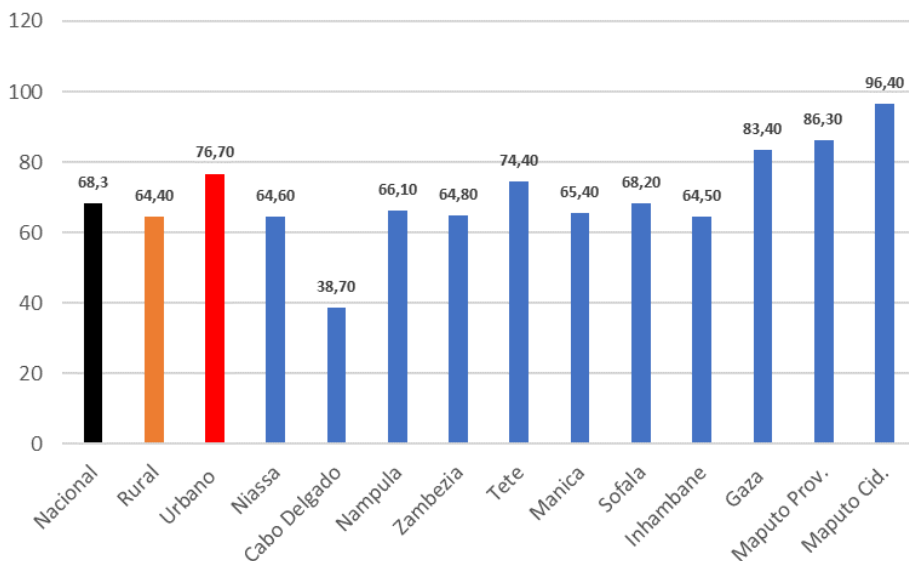
With regard to illiteracy, we have the rural region showing more people who could not read or write, with 56.6% against 23.1% of the urban region. In terms of provinces, those in the northern region had a high illiteracy rate, in which Cabo Delgado had 60.7%, Niassa 58.0% and Nampula 56.0%. Among the provinces of the central region, Tete presented a higher illiteracy rate with 55.2% and Zambezia with 53.9%. The provinces of the southern region have the lowest rate, with the most emphasis on Maputo City and Province, with 9.5% and 19.3% illiteracy, respectively, according to graphic 3 below.

Graphic 3: Illiteracy rates in Mozambique (%) (2014-2015)

Source: Prepared by the author, using IOF data 2014/15.

Regarding access to health, graphic 4 shows that the rural region had less access to services, which reach 64.4% of the population, compared to 76.7% of the urban region. The province of Cabo Delgado had a lower rate of access to health services by the population and the three provinces of the southern region (Gaza, Maputo City and Province) had a higher rate, with Maputo City approaching 100%.

Therefore, in the indicators analyzed, the urban region is more favored than the rural one and, among the provinces, the northern region, namely Cabo Delgado, Niassa and Nampula, had less access to employment opportunities, with a large part of its population devoting themselves to agricultural activities that are themselves the promoters of poverty. They also had less access to education, with higher illiteracy rates, and to health services.

Graphic 4: Access to Health in Mozambique, 2014-2015

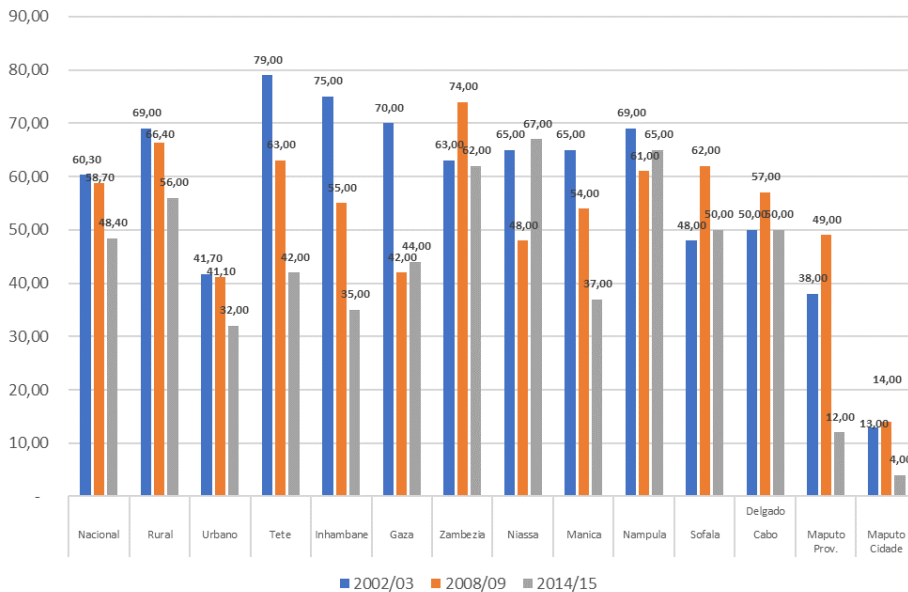
Source: Prepared by the author, using IOF data 2014/15.

Therefore, the southern provinces presented better remunerable employment opportunities and better access to education and health care. In accordance with the VCP, poverty reduction policies are expected to be less effective in the northern region than in the southern region and even less so in rural areas than in urban ones, which will be analyzed below.

Effectiveness of public policies in poverty reduction

Direct poverty reduction policies in Mozambique were in place in the period 2001-2014. However, the 2014/15 evaluation showed that such policies had different and unequal effects for the different regions and provinces of the country. Thus, considering the measure of the poverty line, there were provinces where policies increased the levels of initial poverty, regions, or provinces that this reduction was insignificant and others with a significant reduction (graphic 5).

Graphic 5: Impact of Policies on the Poverty Line (2002-2015)



Source: Prepared by the author, data from IOF 2002/2003, 2008/2009 and 2014/2015.

In the provinces of Niassa and Sofala there was an increase in poverty by two percentage points, with the province of Niassa increasing from 65% in 2002 to 67% in 2015 and the province of Sofala from 48% to 50%. The provinces of Nampula had a tiny reduction, of four percentage points (69% to 65% in the reference period), and of Zambezia of two percentage points (63% to 61% in the same period).

The province of Cabo Delgado saw the incidence of poverty remain at the same level of 50% in this period, and for Maputo City, although the reduction was nine percentage points, it represented a reduction of 69.2% compared to initial poverty, the initial poverty levels were extremely low compared to the national average, which had an incidence of 13% and decreased to 4% during the period of the policies.

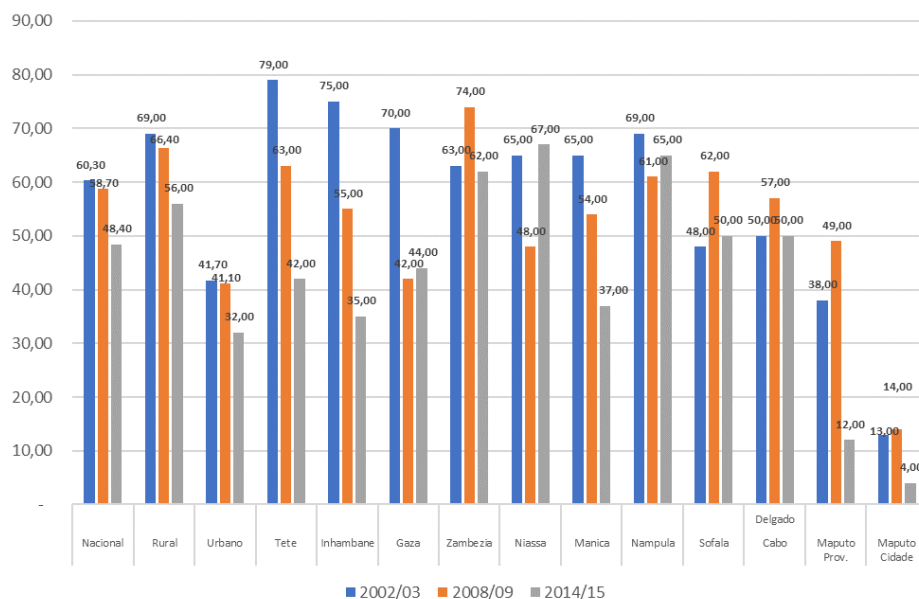
The other two provinces in the south of the country, Maputo Province and Inhambane, had a reduction above 50% of the initial poverty. Finally, other provinces have had a reduction in the incidence of poverty above double digits, even if they have not achieved a 50% reduction in initial poverty. These are the provinces of Tete, with a 37 percentage point reduction, of Manica with 28 percentage points and Gaza with 26 percentage points of reduction.

Among these, Tete Province performed better, with a 46% reduction from initial poverty.

Regarding multidimensional poverty, three situations can be highlighted, according to graphic 06, below. First, a significant reduction in deprivation in urban areas compared to rural areas, with a reduction of approximately 56% in initial poverty in urban areas compared to 22% in rural areas (from 41% to 18% in urban areas compared to 92% to 72% in rural areas). Second, a reduction close to 100% for the City and Province of Maputo (from 13% to 1% in the Maputo City and from 38% to 7% for the Maputo Province) and a reduction close to 50% for the provinces of Inhambane and Gaza (presented, respectively, a reduction from 81% to 43% and from 52% to 23%). Third, a reduction of about 20% compared to the initial deprivation for the provinces of Niassa, Nampula and Zambezia, in which all together have approximately 44% of the Mozambican population, and an increase in deprivation by approximately 30% in the province of Sofala in the period under study.

Therefore, the provinces that showed greater inequality in access to education, health, and employment opportunities had a lower response to poverty reduction policies, including those in the northern region (Niassa, Cabo Delgado and Nampula) and two in the central region (Zambezia and Sofala). This fact can be explained by the VCP principle, which argues that conditions of inequality lead to the reproduction of poverty or "poverty creates poverty" by cumulative circular effect of negative factors, the less effective policies and their persistence in these regions and provinces are justified. However, the only one that did not corroborate with the foundations of the VCP was the province of Tete, which should merit future studies to find the reasons for having responded positively to poverty reduction policies even with high inequality.

Graphic 6: Impact of Policies on Multidimensional Poverty (2002-2015)



Source: Prepared by the author, based on MEF data (2016).

Conclusion

The focus of this work was to answer the problem of how regional inequalities negatively influenced policies to combat poverty between regions/provinces in Mozambique. For this, the work was based on the principle of Cumulative Circular Causation and Vicious Circle of Poverty, defended by Myrdal. It is argued that in regions or countries with less access to education, health, and employment opportunities, or with a lack of social inclusion, poverty feeds back, because the negative factors that foster poverty are in themselves cause and effect, i.e., "poverty creates poverty" or "Vicious Circle of Poverty". Therefore, it was assumed that less access to education, health and employment opportunities leads to less effective policies to reduce poverty, while greater access to these variables would be associated with greater effectiveness of policies.

Thus, it was noted that, during the implementation of poverty reduction policies in the period 2001-2014, the provinces with the greatest inequalities in access to education, health and employment opportunities

were less responsive to poverty reduction policies, between the provinces of the northern region (Niassa, Cabo Delgado and Nampula) and two of the central region (Zambezia and Sofala).

In this sequence, all the provinces of the southern region (Inhamitane, Gaza, Maputo Province and City) had relatively a greater response to policies for poverty reduction, as they present less inequalities. However, the only province that did not find an explanation in the VCP was Tete, future studies are being proposed to find the reasons for having responded positively to policies for poverty reduction, despite the great inequalities in this province.

In this context, in terms of alternative policies for the effective reduction of poverty in Mozambique, policies giving equal weight to regions or provinces should be abdicated and inequalities should be considered, promoting access to education and health in the least-favored provinces, and increasing agricultural productivity (by public investment in agricultural infrastructure and technology transfers, as agriculture absorbs a large part of the population) in rural areas.

In this process, the decentralization of public services should become more effective for the districts through budgetary decentralization. These alternatives are based on the fact that the level of education influences the type of employment and, consequently, the level of income, the understanding and interpretation of the policies implemented by the government. Access to health has an influence on the quality of life of the population and increases the possibility of a better dedication to the work of the workforce. And increased agricultural productivity, by public investment in agricultural infrastructure and technology transfer, has the potential to improve the living conditions of rural populations beyond subsistence, by increasing the agricultural surplus, and the possibility of increased income.

Finally, as regards employment opportunities, despite the fact that companies gravitate more towards the southern region of the country due to the possibility of higher profitability, existence of skilled labor, level of income, support infrastructures and market for their products, what justifies the great concentration in this region, the Mozambican Government can induce the implantation of investments through concrete signs of monetary incentives (tax exemptions) and non-monetary (infrastructure and workforce qualification) with a greater focus on the poorest provinces with great inequalities and, combined with the increase of agrarian productivity, would increase the possibility of increasing income, resulting in the breaking of the "Vicious Circle of Poverty". Therefore, the continued implementation of policies with equal weight between provinces and regions, makes it impossible to see, in

the short and medium term, the significant reduction of poverty and reduction of inequalities between provinces and regions.

References

- AGROTEC. 2015. "Agricultura contribui com 23% do PIB de Moçambique." *Revista Técnico-Científica Agrícola*, July 11, 2014. <http://www.agrotec.pt/noticias/agricultura-contribui-com-23-pib-de-mocambique/>
- Ali, Rosimin. 2009. "Níveis e Tendências da Desigualdade Económica e do Desenvolvimento Humano em Moçambique: 1996-2006". In *Pobreza, Desigualdade e Vulnerabilidade em Moçambique, Editado pela Marimbiq – Conteúdos e Publicações*, Lda, 121-150, Maputo: IESE
- Bellucci, B. 2007. *Economia Contemporânea em Moçambique*. Editora Universitária Cândido Mendes. Rio de Janeiro.
- Bourguignon, François. 2004. *The Poverty-Growth-Inequality Triangle*, New Delhi: World Bank.
- Brito, Luís de. 2012. "Pobreza, 'PARPAs' e Governação." In *Desafios para Moçambique 2012. Editado por Marimbiq – Conteúdos e Publicações*, Lda, 25-42. Maputo: IESE.
- Castel-Branco, Carlos Nuno. 1994. "Problemas estruturais da industrialização: a indústria transformadora". In *Moçambique Perspectivas Económicas*, Maputo: UEM.
- _____. 2019. "Emprego pode ser altamente miserabilista, o emprego pode criar pobreza: como acontece na agricultura em Moçambique." Macua Blogs, October 14, 2019. https://macua.blogs.com/moambique_para_todos/2019/10/emprego-pode-ser-altamente-miserabilista-o-emprego-pode-criar-pobreza-como-acontece-na-agricultura-em-mo%C3%A7ambique.html#more
- Cruz, A. S., Guambe, D., Marrengula, C. P., & Ubisse, A. F. 2014. *Mozambique's Industrialization*. Maputo: Africa Growth Initiative.
- De Codes, A. L. M. 2008. *A trajetória do pensamento científico sobre a pobreza: Em direção a uma visão complexa*. Um excerto do trabalho de tese de doutorado. Universidade Federal da Bahia.
- Ferreira, F. 2011. "Poverty Is Multidimensional. but What Are We Going to Do about It?" *Journal of Economic Inequality* 9, no. 93 (Spring): 493-95. DOI 10.1007/s10888-011-9202-3

- Foster, J.; Seth, S.; Lokshin, M. and Sajaia, Z. 2013. *A Unified Approach to Measuring Poverty and Inequality: Theory and Practice*. Washington, DC.: World Bank.
- Fundo Monetário Internacional (FMI). 2014. *Moçambique em Ascensão: Construir um novo dia*. Washington, D.C: FMI.
- GdM (Governo de Moçambique). 2001. *Plano de Acção para a Redução da Pobreza Absoluta (2001-2005)*. Versão Final Aprovada em Abril de 2001. Maputo: Conselho de Ministros.
- GdM (Governo de Moçambique). 2006. *Plano de Acção para a Redução da Pobreza Absoluta (2006-2009)*. Versão Final Aprovada em Novembro de 2005. Maputo: Conselho de Ministros.
- GdM (Governo de Moçambique). 2011. *Plano de Acção para a Redução da Pobreza (2011-2014)*. Versão Final Aprovada em Maio de 2011. Maputo: Conselho de Ministros.
- GdM (Governo de Moçambique). s/d. "Geografia de Moçambique". *Portal do Governo de Moçambique*. S/d. <https://www.portaldogoverno.gov.mz/por/Mocambique/Geografia-de-Mocambique>
- Haughton, J. and Khandker, S. R. 2009. *Handbook on Poverty and Inequality*. Washington, DC.: World Bank.
- INE (Instituto Nacional de Estatística). 2015b. *40 Anos de Independência Nacional: Um Retrato Estatístico*. Maputo: INE.
- _____. 1997. *Inquérito ao Orçamento Familiar 1996/9*. Maputo: INE.
- _____. 2003. *Inquérito ao Orçamento Familiar 2002/03*. Maputo: INE.
- _____. 2009. *Inquérito ao Orçamento Familiar 2008/09*. Maputo: INE.
- _____. 2015a. *Inquérito ao Orçamento Familiar 2014/15*. Maputo: INE
- _____. 2019. *IV Recenseamento Geral da População e Habitação*. Maputo: INE.
- Maloa, J. M. 2018. "A Construção Jurídica do Espaço Urbano em Moçambique uma Reflexão a Partir da Norma Jurídica". *Cadernos do Núcleo de Análises Urbanas*, v. 10, n. 1. Rio Grande: 157-170
- MEF (Ministério de Economia e Finanças). 2016. *Pobreza e Bem-Estar em Moçambique: Quarta Avaliação Nacional*. Maputo.
- MPD (Ministério de Planificação e Desenvolvimento). 2010. *Pobreza e Bem-Estar em Moçambique: Terceira Avaliação Nacional*. Maputo.
- Myrdal, Gunnar. 1960. *Teoria Econômica e Regiões Subdesenvolvidas*. Rio de Janeiro: Instituto Superior de Estudos Brasileiros.

- PNUD (Programa das Nações Unidas para o Desenvolvimento Humano). 2019. *Além do rendimento, além das médias, além do presente: As desigualdades no desenvolvimento humano no século XXI*. Washington, DC: The World Bank.
- PPG Consulting. 2012, "Sobre Moçambique." https://ppgconsulting.files.wordpress.com/2012/06/mozambique_600.jpg.
- Ravallion, Martin. 2001. *Growth, Inequality and Poverty: Looking Beyond Averages*. Washington, DC: World Bank.
- Rohwerder, Brigitte. 2016. *Poverty and Inequality: Topic guide*. Birmingham: GSDRC, University of Birmingham.
- Sen, Amartya. 2000. *Development as Freedom*. New York: Alfred A. Knopf.
- Shaffer, Paul. 2001. *New Thinking on Poverty: Implications for Poverty Reduction Strategies*. Toronto: Paper Prepared for the United Nations Department for Economic and Social Affairs (UNDESA) Expert Group Meeting on Globalisation and Rural Poverty United Nations.
- Sigaúque, Eduardo Saugineta. 2017. *Capitalismo Africano Dependente: estudo histórico-estrutural da economia moçambicana entre o período de 1985-2015*. 2017. 231 f. Dissertação (Mestrado) – Programa de Pós-Graduação em Economia, Universidade Federal de Santa Catarina, Florianópolis.
- Toner, Phillip. 1999. *Main Currents in Cumulative Causation: the dynamics of growth and development*. London: Macmillan.
- UNICEF, UN Women, UNDP & OHCHR. 2014. "TST issues brief: Promoting equality, including social equity." https://www.sustainabledevelopment.un.org/content/documents/2406TST%20Issues%20Brief%20on%20Promoting%20Equality_FINAL.pdf
- World Bank. 2000. *World Development Report 2000/2001: Attacking Poverty*. Washington, DC: World Bank.

ABSTRACT

This paper aims to analyze how regional inequalities negatively influenced the effectiveness of poverty reduction policies in Mozambique in the period 2001-2014, using the Vicious Circle of Poverty principle advocated by Myrdal. Thus, access to employment, education and health opportunities in different regions and provinces were adopted as central variables to measure these inequalities. To this end, it was assumed that inequalities in access impact the effectiveness of the policies adopted to reduce poverty, being less effective where there are more inequalities in access and more effective where there are fewer inequalities. It was found that the provinces

with the greatest inequalities had a lower response to poverty reduction policies, among them those of the northern region (Niassa, Cabo Delgado and Nampula) and two of the central region (Zambezia and Sofala). In this sequence, all those in the southern region (Inhambane, Gaza, Maputo Province and City) had relatively a greater response to policies. However, the only province that found no explanation in the Vicious Circle of Poverty was Tete. Finally, in terms of policy alternatives, it was suggested to focus on promoting education and health and increasing agricultural productivity by public investment in agricultural infrastructure and technology transfers to the most unequal provinces, in place of policies that give equal weight to regions or provinces.

KEYWORDS

Inequality. Public Policies. Poverty. Vicious Circle. Mozambique.

*Received on July 7, 2020
Accepted on December 2, 2020*

Translated by Luiza Ferreira Flores