

# Financing for adaptive social protection in Mozambique<sup>1,2</sup>

International Policy Centre for Inclusive Growth (IPC-IG) and World Food Programme (WFP) Mozambique

In Mozambique, planning and budgeting for the basic social security sector starts with the preparation of the Medium-Term Fiscal Scenario (CFMP), which provides the basis for the Social and Economic Plans (PES) and the State Budget (OE) proposals. The Cabinet of Ministers assesses these proposals and submits the documents for the Parliament's approval for the following year.

Planning for shock-responsive social protection programmes is also carried out at the General Cycle for Budget Planning of the Ministry of Gender, Children and Social Action (MGCAS). However, the recent experience with rapid-onset shocks, such as the Idai cyclone and the COVID-19 pandemic has led MGCAS to consolidate 'parallel' planning and budgeting mechanisms, carried out outside the conventional cycle.

In the case of the COVID-19 Social Protection Response Plan, MGCAS, together with development partners, outlined the budget and action priorities to expand the Direct Social Support Programme Post-Emergency (PASD-PE) to over a million households, thus significantly increasing the resources allocated to the sector in 2020-2021. This growth was possible thanks to the contributions of external partners, mainly the World Bank, Sweden, the UK, Canada, and Germany.

Even in light of the advances that PASD-PE COVID-19 has brought on in Mozambique, there are still technical and structural challenges for the sector, such as:

- The limitations resulting from high dependency on external resources to provide continuous or long-term funding.
- Planning and mobilisation of resources only after the occurrence of a shock, which affects the government's ability to respond to emergencies in a timely manner.
- Limited access to the Disaster Management Fund (FGC) to allocate resources for the social protection sector.

## Functioning of the Disaster Management Fund

The FGC is a financial protection instrument against disasters bound to the National Institute for Disaster Risk Management and Reduction (INGD) and established by the Government of Mozambique in 2017 to cover the costs of State institutions during the preparation and implementation of emergency responses. It aims to provide a quick and flexible line of funding to meet the budget demands of emergency response actions and guarantee support to disaster victims, as defined by the Disaster Risk Management and Reduction Act, updated in 2020 (Act no. 10/2020).

Nonetheless, the FGC's Operational Manual does not make direct references to the National Social Action Institute (INAS-IP) emergency

response programmes, which essentially limits its use in the sector's funding, including for allocating resources to trigger the PASD-PE. The Manual is currently being reviewed, opportunity for social protection stakeholders to include these programmes in a clearer manner. In this sense, the MGCAS and INAS-IP should work together with the INGD to develop social protection programme triggers for different types of disasters, adapted to each emergency warning level. In addition, more clarity is needed regarding the FGC's activation for social protection, on which Social Action Institutions are responsible for acquiring funds (MGCAS and/or INAS-IP) and for preparing budgeting plans to request the necessary resources.

## Improving the sector's financing mechanisms

For the improvement of the social protection sector, it is important to strengthen technical capacities to:

- Consolidate financing mechanisms based on forecasts of the social action sector, integrated with other emergency response sectors, especially INGD;
- Establish new sources of financing for anticipatory responses to guarantee more effective and timely social protection emergency responses.

One of the main innovations of the new Disaster Risk Management and Reduction Act is the expansion of the concept of disasters to introduce new elements, such as health crises, as a result of the COVID-19 pandemic. However, the challenge remains of adapting the current response instruments so that they can be triggered during either climate events or man-made shocks, such as conflicts that cause the forced displacement of families, like the one currently under way at the northern provinces of Mozambique.

To ensure that budgeting for adaptive social protection is carried out with greater flexibility, celerity and well in advance, it is important to improve MGCAS planning instruments and processes for emergency response, especially for cyclical climate events that affect the country. This process should be integrated with the existing forecast-based financing and reflected in the Annual Contingency Plan, through a greater coordination between the INGD and MGCAS planning and budgeting sectors.

## Reference:

Government of Mozambique, World Bank, WFP, and MozSP. 2021. "Planificação e Orçamentação da Protecção Social Adaptativa em Moçambique e Funcionamento do Fundo de Gestão de Calamidades". Presentation delivered by the Director of DARIDAS at INGD. *Social Resilience Dialogue*, 21-24.

## Notes:

1. This One Pager is part of a series of publications on Mozambique Shock Response Social Protection, prepared with WFP's support and financed by the European Commission's Humanitarian Aid and Civil Protection department (ECHO).

2. The II Social Resilience Dialogue was organised by Mozambique's Ministry of Gender, Children and Social Action, with support from the World Food Programme and the World Bank. The report was produced based on the presentations provided by experts during the event.