



Center of Public Integrity

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COVID-19: Resources allocated for social protection may not reach all beneficiaries

- INAS control mechanisms have not been efficient to avoid misappropriation of funds during the distribution of subsidies

The case of Matutuine District

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1. Summary

The Center for Public Integrity (CIP) visited the District Health, Women and Social Action Services (SDSMAS), more specifically the Matutuine District Women and Social Action Division (RMAS) and the scenario it observed portrays various problems that denounce the government's negligence in this sector in recent years.

In this district, CIP visited the locality of Mabilibile and found that, as in other places, beneficiaries of the Basic Social Grant Program (PSSB) were selected by people without technical knowledge of the selection criteria¹. But what worries most is that the beneficiaries had not received the subsidy for 6 months. However, in mid-August when they received it, it was only for 3 months, and the remaining 3 months are still in debt.

In addition, the two technicians assigned to RMAS have no means and not even information on the number of INAS beneficiaries at district level. They work in a room shared with health technicians at the local health center, they do not have technical resources to perform their functions of management and monitoring of the beneficiaries. They only perform their functions when they receive the technicians from the central or provincial level delegation of INAS.

These problems, associated to the lack of coordination between INAS at Maputo province level, the District Administration and RMAS and Health Directorate combined with delays in disbursement of funds, lead to different decisions and processes at Maputo Province level without the involvement of the actual program implementers, which contributes to poor planning, conflict of interests in the definition of criteria for identification of beneficiaries and slow capacity to respond to the needs of the beneficiaries.

This situation occurs in a context where the Ministry of Economy and Finance (MEF) released, in a document on the situation of the commitments under the COVID-19², that the National Institute of Social Action (INAS) will benefit from 20 million dollars under COVID-19 to increase by 186% the number of current Households (PA) beneficiaries from 592,179 to 1,695,004 and, for 6 months, support families with monthly subsidies of 1,500.00Mts on a bimonthly basis.

However, without taking measures to improve and make more efficient the budget allocations for the programs by increasing human resources, INAS actions will not have the desirable impact within these populations. The context of INAS resource management in this case can be taken as a basis to generalize to the country, so that profound reforms are made to improve the conditions of people living in poverty and vulnerability in Mozambique, with emphasis on women, the elderly, orphaned children and heads of families and disabled people.

The case of Matutuine clearly demonstrates the fragility of the system of identification and payment of funds to beneficiaries. If the processes prevail in this way there is fertile ground for corruption, misuse and diverting of State funds and, therefore, it may be that the resources channeled to INAS under COVID-19 do not reach the beneficiaries in their entirety.

¹ About the process of selection of beneficiaries, when questioned, the Permanent explained that the selection had been without obeying any specific criteria defined by INAS but based on its common sense. - The permanent is a person selected by the community to make a selection of beneficiaries at the locality level, makes the distribution of INAS resources.

² <https://www.mef.gov.mz/index.php/covid-19/927--229/file>

2. Assignments, Competencies and Programs of INAS, IP

According to Decree no. 38/2020 of June 11, INAS, the Public Institute (IP), is a public institution with legal personality and administrative autonomy that operates throughout the national territory. The attributions of INAS, IP are essentially to provide social assistance to groups of individuals, or individuals living in a situation of poverty and vulnerability and prevented, by their own means, from achieving the satisfaction of their basic needs.

INAS, IP, is the executing agency of the Ministry of Gender, Children and Social Action (MGCAS), including the identification and selection of beneficiaries. It is responsible for the implementation of the Basic Social Security Programs³ through the implementation of actions that contribute to the reduction of poverty and vulnerability of people and Households (FHIs) that are unable, on their own, to meet the basic needs for their survival.

To materialize the Government's Five-Year Programs (2015-2019/2020-2024) the National Strategy of Basic Social Security (ENSSB II) 2016-2024 was approved by the Council of Ministers, which presents actions aimed at reducing poverty and vulnerability, ensuring that the results of the growth of the Mozambican economy benefit all citizens, especially those living in poverty and vulnerability.

Thus, through Decree 47/2018 of 6 August of the Council of Ministers, the Social Assistance Programs for families were reviewed. For the purposes of this analysis, the focus will be on the Basic Social Grant Program (PSSB) as it is the largest program⁴, focusing on the elderly, who represent the majority group of beneficiaries of these transfers.

Therefore, the Basic Social Grant Program (PSSB) consists of regular monthly cash transfers for an indefinite period of time, to strengthen the level of consumption, autonomy, and resilience of households living in poverty and vulnerability, as well as improving the children's nutrition.

The Basic Social Allowance Program - Old Age

The basic social subsidy (PSSB) program is the largest program among the existing programs at INAS. According to ENSSB II, in order to benefit from this subsidy, one must be an elderly individual, male or female, over 60 years of age, living in poverty or vulnerability in a place where the program is being operated and that is not benefiting from other State pensions. The process of selection of beneficiaries is done by the Community Leaders and the Secretary, with verification by INAS/SDSMAS.

The monthly cash transfers of this program vary from 540.00Mts to 1,000.00Mts (Table 1)

Table 1: PSSB transfer amounts per Household size

Aggregate size	Valor PSSB	% of the poverty line (2014/15)
People 1	540,00 Mts	67%
People 2	640,00 Mts	59%
People 3	740,00 Mts	46%
People 4	840,00 Mts	39%
People 5	1.000,00 Mts	37%

Source: ILO (2019)

³ See more details in: <http://www.inas.gov.mz/page/14>

⁴ <http://alternativa.co.mz/2020/04/02/o-trabalho-e-a-proteccao-social-num-contexto-do-estado-de-emergencia/>

With regard to the beneficiaries' selection process...

The case of Matutuine shows that the reality is different than it actually should be. For example, in the locality of Mabilibile, the process of selecting beneficiaries in the communities is not clear. The Secretary, who was responsible for the primary selection of beneficiaries, is not qualified and did not undergo any training by INAS, but still, together with the community leaders selected the beneficiaries without any supervision by this institution. When approached by the IPC, the Secretary stated that his list had not undergone any change or in-depth verification by INAS / SDSMAS.

According to RMAS in Matutuine, some of the people responsible for registering beneficiaries (usually the ward chiefs) register themselves and their relatives or acquaintances, who are generally not part of the most vulnerable groups, thus leaving out the people who should actually be on these lists. This results in an inefficient selection and payment of the SSB.

What is also worrisome is that this fact is repeated a throughout the country and in social programs, in a context where there are people who meet the necessary requirements to receive assistance but are on waiting lists for many years.

In Mabilile, CIP had contacts with a person with a disability who has been on the waiting list for about three years.

With regard to grant payments...

Following the evidence and reports from the population of Mabilibile, Matutuine, and other (municipal) districts of Maputo Province⁵ and cases that happen a throughout the country⁶, there are delays and in some cases, lack of payment of the total amount of the SSB specifically.

The delays are up to 3 to 6 months. In Mabilibile, the beneficiaries were about 6 months without any subsidy this year. However, in mid-August INAS proceeded with the payment of subsidies corresponding to 3 months, remaining 3 months short. These beneficiaries also report that the payments are made after at least 3 months, but the amount never corresponds to the totality of the months and the amount due.

Therefore, the periodicity with which subsidy payments are made does not serve the purpose for which they were created (to guarantee the minimum subsistence and resilience of families in vulnerable situations). Moreover, since some SSB beneficiaries are people with some disease that requires constant medication and treatment, the lack of payment in due time since the subsidy reveals a serious risk of life, and may also deteriorate the situation of food insecurity experienced in most vulnerable communities.

Therefore, CIP questions the real impact of these subsidies on the lives of populations in need.

⁵ CIP collected information from households and beneficiaries from SSB in Aeroporto neighborhood, in KaLhamankulo Municipal district.

⁶ Milhares de idosos passam fome por falta de subsídios, disponível em: <https://www.dw.com/pt-002/mo%C3%A7ambique-milhares-de-idosos-pas-sam-fome-por-falta-de-subs%C3%ADdios/a-52405317>, consultado a 02/09/2020, as 12h32,

Grant payments (SSB) are made manually, with no guarantee/proof of receipt by beneficiaries⁷, which opens space for fraud and misappropriation of funds and improper payments. Some beneficiaries, for example, still denounce the existence of beneficiaries who receive their payments in 2 different locations in this district. This fact harms not only the State but also those to whom these subsidies are actually owed.

The problem of subsidy arrears is intrinsically linked to the precariousness of public finance management and the negative effects of cash-based management. INAS is the “poor relative” when compared to the other sectors in the State Budget. This institution does not have much negotiating power when resources are available. It is placed as the last priority and this affects the management of transfers to households in its different programs.

Cash management that does not effectively meet the needs of the various State programs planned within the State Budget generates this type of effect, delays in payments, a consequent deterioration in living conditions, food insecurity for the poorest and chronic continuity of problems, particularly in the social sectors.

3. Administrative and financial management in Basic Social Protection

It is planned that USD 240 million (part of the USD 700 million that the government has requested from international partners) will be used to “extend social assistance to new households in poverty and vulnerability”, (i.e., Transfers to families)⁸.

A document released by the Ministry of Economy and Finance, presenting the situation of the commitments under the COVID-19⁹, informs that out of the amount foreseen, 20 million dollars are in the possession of INAS to increase the current number of beneficiary Households from 592,179 to 1,695,004. This amount for 6 months will be used to support families with monthly subsidies of 1,500.00 Mts and bimonthly.

These resources, on their own, when channeled to INAS and in face of the countless challenges of this institution, will most likely not go entirely to the potential beneficiaries.

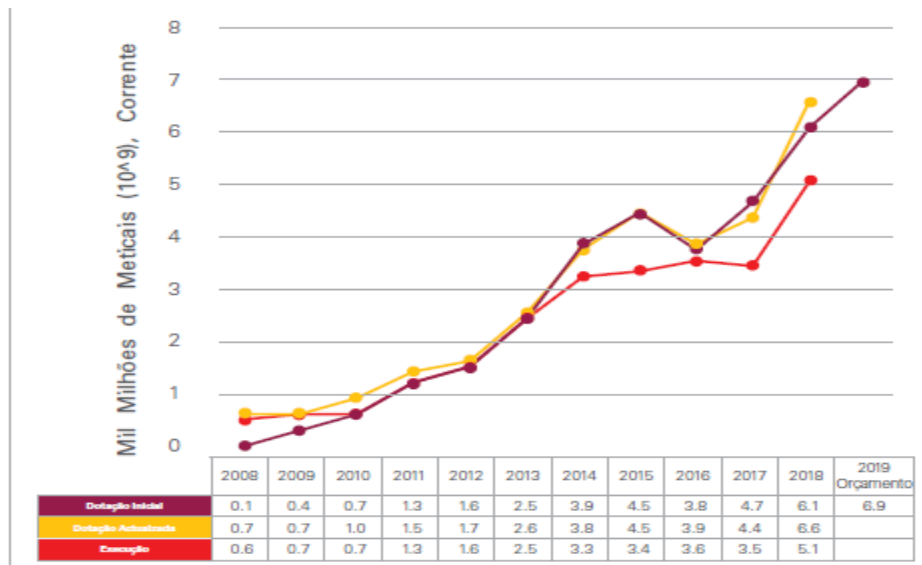
Social protection is one of the sectors that least benefits from State budget resources (with an average of 3.43% of the total expenditure of the last 12 years).

⁷ Most of the beneficiaries do not know how to read and write. In this district, in Mabilibile, particularly, the beneficiaries do not sign the lists to confirm the receipt of SSB

⁸ Addendum to the Report on the End of the State of Emergency, July 2020.

⁹ <https://www.mef.gov.mz/index.php/covid-19/927--229/file>

Graph 1: Evolution of the Share of Social Action in the 2008 to 2019 Budget in Mozambique



Source: ILO 2019

The budget allocation for the Social Action sector (updated allocation) grew only about 0.7 billion meticaís in 2008 to about 7.8 billion meticaís in 2019. In addition, this allocation of 7.8 billion meticaís¹⁰ in 2019 represented in 2019 about 0.7% of GDP, still well below the internationally recommended level (1.7% of GDP). This shows the weak budgetary allocation and negligence of the government to this sector in a context of increasing numbers of vulnerable people. Therefore, at this rate of growth of financing to the sector it will be very difficult to reach the target of 2.24% of GDP in 2024 projected in the ENSSB.

Despite the weak resources allocated, the organizational context of this institution leads to high administrative costs for the State. The process of distributing subsidies in some parts of the country is still rudimentary and lacks the displacement of technicians from the central or provincial level to the districts and locations.

In order to distribute subsidies, 2 to 5 technicians (from the provincial level) from INAS, who are entitled to cost subsidies of at least two days, are allocated to make the subsidy payments to the beneficiaries. However, the cost of their activities, based on CIP estimates, can reach more than 50%¹¹ of the total value of the subsidies to the beneficiaries.

In addition, the lack of coordination between INAS at the Maputo Province level, the district administration and the distribution of women and social action leads to diverse decisions and processes at the Maputo Province level without the involvement of real implementers, which contributes to poor planning, conflict of interest in the definition of criteria for identifying beneficiaries and slow capacity to respond to the needs of beneficiaries. The Matutuine case raises several indications of corruption, misuse and diverting of State funds because beneficiaries do not have information regarding the dates of receipt of subsidies.

¹⁰ Source: Conta Geral do Estado 2008, 2019.

¹¹ Estimativas made by CIP based on lists made accessible.



“I am sick and I knew that the subsidy would be distributed when I was on my way to the hospital, it was thanks to this that I received the 1,500.00 Mts for 3 months, otherwise I would not have received” (PSSB beneficiary interviewed by CIP in Mabilibile)

What happens is that there is a lack of coordination and excessive centralization in the planning processes, between the provincial and/or central INAS and RMAS. RMAS is, or at least should be, effectively the correspondent of INAS in this district, but the technicians do not participate in all planning processes. RMAS does not even have information on the number of beneficiaries in the district. When CIP questioned the number of men and women beneficiaries of the SSB, the technicians were limited to speculating on a non-sustainable number. The available computers do not have access to the internet and are only part of the furniture without much use. RMAS does not have a car for the technicians to perform their monitoring activities.

Another aspect visibly verified by CIP is that in **Matutuine there is strong evidence of insubordination** because RMAS technicians are not accountable to the District Health Director. In hierarchical terms, RMAS responds to the District Health Director and, therefore, its activities are assigned to the health sector, which greatly minimizes the social action sector because the health sector itself has many challenges. It has been common for the Health Director not to have much sensitivity towards social action issues, however in this district this is not the case.

In Matutuine, the Health Director complains about being put aside when issues have to do with social action. The technicians assigned to RMAS and the central or provincial INAS do not involve her in activities related to social action.

In fact, this is a known problem that is recurrent at INAS level. The solution identified was the expansion of INAS district delegations but until then INAS only has 31¹² delegations in the whole country due to lack of resources to implement this action.

The context of INAS administrative and financial management in this district suggests a review of INAS priorities. There is an urgent need to train technicians to effectively decentralize; young people of working age and certainly with deep knowledge of each district must serve to carry out activities

¹² <http://www.inas.gov.mz/#>

in the field. But this will only happen if the institution invests to maximize its resources and above all collaborates more with local organizations to achieve better results.

4. Possible Solutions

In order to maximize the Government's efforts in terms of support to needy populations, particularly in the current context of COVID-19 pandemic, where the poverty and vulnerability of the population has deteriorated, other more efficient means of identifying beneficiaries and paying INAS grants need to be evaluated.

IPC interviewed specialists in the area, Zaituna Pemula, coordinator of Time For Africa¹³ and Ruth Castel-Branco¹⁴, a social protection specialist.

Pemula advances as possible solutions to the problems identified in Matutuine, which include the survey of local youth of working age to serve as points of identification and selection of beneficiaries, working on a seasonal basis. This would help to minimize the costs of travel, accommodation, among others that incur in sending INAS technicians from the central/provincial level to the districts and localities.

This expert argues that it is necessary to empower both these young people, as well as the local secretaries on matters of selection criteria and enrolment of beneficiaries. This involves the existence of an INAS delegation in Matutuine and this is extremely important to end, or minimize, the cases of enrolment of people who do not fulfill the requirements of beneficiaries, thereby giving a relief to the social action budget.

“We have improved facilities to house RMAS techniques in Matutuine in order to improve their working conditions, but we have been getting resistance from RMAS because the facilities are located outside the district headquarters, but this would actually contribute to improving the inspection work” (Zaituna Pemula, Time For Africa)

In order to avoid misappropriation of funds and unsecured payments, the mechanisms for electronic payment of subsidies (mobile banking) should be expanded in applicable cases.

Pemula also suggests the creation of a platform where community representatives can forward reports of non-payment or incomplete payment of subsidies to the central INAS - a fact that would help monitor and track situations of misappropriation and misuse of funds.

In turn, Castel-Branco suggests above all that the resources allocated to INAS be increased because it would be halfway towards solving the chronic problems of this institution. The interviewee argues that the permanent ones should be integrated in the civil service because they are poorly paid while performing a crucial function for the implementation of INAS programs.

Castel-Branco brings an example from South Africa which allocates about 30% of its State budget to social protection while Mozambique allocated only 1.6%¹⁵ of its budget in 2020.

13 Time For Africa is an association based in Matutuine that works in social protection issues.

14 Ruth Castel-Branco is a researcher from Future of Work(ers), in the Southern Centre for Inequality Studies at University of Witwatersrand.

15 OE 2020, Quadro 11. Programas de Protecção Social, 5.676 milhões de meticaís.

In relation to the insubordination patent in Matutuine, RCB explains that this problem is linked to the historical dynamics of INAS, because INAS arises from several post-war institutions that have joined together. Before, there was a clear separation between Social Action and Health at district level, but during Guebuza's mandate these two areas remained the same institution - SDSMAS and traditionally social action is subordinated to the Health Director who does not have much sensitivity to social action.

Referring to the costs associated to costs and travel of INAS central or provincial technicians for subsidy distribution, Castel-Branco explains that the solution is to increase the availability of human resources and that it cannot be taken in a perspective of inefficiency of the State because the lack of organizational structure at district level requires that resources are managed at provincial delegation level. This, in a context where Mozambique has serious problems of access roads, power supply, mobile and digital payment networks and lack of human resources, requires that INAS technicians be allocated to travel many miles with money in the pockets to reach the beneficiary.

The interviewee suggests that increasing human resources is even more feasible than the option of electronic payments and/or outsourcing due to the problems of access roads, poor financial inclusion, difficulty in managing confidential information in the management of third parties and associated costs.

Castel-Branco explained the example of South Africa whose Social Security Agency (SASSA) signed an R10 billion contract in 2012 with Cash Paymaster Services (CPS) -- a subsidiary of the electronic payments company Universal Net 1¹⁶ -- to pay cash transfers for five years. The argument was that hiring CPS would increase transparency through biometric technologies, reduce administrative costs and allow the payment of subsidies in various locations. But in 2014 the contest was declared invalid by the Constitutional Court because Net 1 shared the confidential biometric data of 19 million residents with its other subsidiaries. For Net 1, the payment of money transfers became a way of expanding the sale of financial services to a section of the population that was previously out of its reach. But for the beneficiaries -- a largely poor and vulnerable stratum -- the modes of financial inclusion were extremely precarious. According to the Black Sash Civil Society Organization (CSO), the sharing of confidential information between subsidiaries resulted in R 2.3 million unauthorized discounts from beneficiaries' accounts. With interest rates averaging 34.1%, the automatic discounts substantially reduced the impact of money transfers. Without alternatives, the State was forced to hire Net 1 for another year, because by outsourcing payment services it lost its executive capacity and strengthened the bargaining power of the private entity.

¹⁶ Net 1 is a multinational company. Its investors include the BM, through its profitable arm, the International Finance Corporation.

5. Proposals for future actions of INAS (including in the management of funds for COVID-19)

In a context where new forms of subsidy distribution for poor and vulnerable people are being analyzed, especially in the context of COVID-19, it is always worth taking into account the problems that have arisen in South Africa. In the meantime, some actions are expected to be taken beforehand.

ILO¹⁷ has developed a study to see what practices can support the effective development of an E-INAS in countries with limited resources. In particular:

- The government is a key player in creating a favorable policy and institutional climate necessary to encourage development partners to invest in the development of management information systems to improve the efficiency and effectiveness of social protection.
- There should be a set of long-term actions with the collaboration of development partners in the form of financial support and technical advice.
- An appropriate business environment is needed for the efficient development of E-INAS with regard to the governance structure and a basic document that formally establishes the project structure.
- There must be a term of responsibility filled with a wide range of actors with varying degrees of control.
- The participation of users in the E-INAS development process is a key factor for success.
- The involvement of a service provider with a high level of comprehensive experience in business, software development and systems management is needed, providing technical advice from day zero until the final phase of project implementation.
- A well-defined communication mechanism must be assigned between the developer team and the client.
- An experiential approach to training promotes ownership, responsibility and a sense of cooperation.

6. Conclusions and Recommendations

Given the persistent weaknesses in the social protection system in Mozambique, it is urgent to adopt effective measures to improve the performance of this sector and this will only happen with an accelerated increase in resources for this sector.

Social assistance programs, especially the social PSSB, play an important role in minimizing poverty and vulnerability and ensuring the minimum conditions for the resilience of the Mozambican population.

The problems encountered in the Matutuine district are a mirror of what occurs in many other districts and localities throughout the country.

Therefore, there is still a long way to go to improve the performance of the national social assistance system. This includes important structural and technological reforms, as well as an efficient decentralization process and better institutional coordination. In this context, the CIP reiterates and recommends:

- The mechanisms used for registration and payment of subsidies need to be improved so that they are distributed efficiently and without delays and duplication of payments, at the risk of allowing the living conditions of the poor and vulnerable in the country to deteriorate.

- Internal reforms are needed in order to strengthen INAS' institutional and operational capacity in the exercise of its functions, and this also includes training more technicians to effectively decentralize activities, in the interest of operational efficiency.

- The need for INAS to expand is reiterated, and it should have delegations in all districts;

- A more viable option would be the progressive integration of qualified technicians in SDSMAS, with its own work budget, which would allow, on the one hand, a greater presence of INAS at the district level, and on the other hand, that SDSMAS technicians would benefit from INAS material resources (vehicles, fuel, etc.).

- Given the almost non-existent presence of INAS at district level and therefore at locality level, the need arises to transform the Secretary into the State apparatus, to train it in social assistance and to provide it with knowledge, technical and material resources to perform its role in an efficient and standardized way.

- The delays in the process of financial inclusion in the country are a major obstacle to the more comprehensive establishment of electronic subsidy payment platforms (E-INAS). It is therefore important to redouble structural efforts to provide greater expansion of electronic services used for the payment of subsidies and beyond. **However, attention should be paid to international examples of the implementation of this system, so that they do not represent more costs to INAS and the State.** Not being (E-INAS) comprehensive to all beneficiaries, the most viable and efficient solution for the payment of subsidies is the decentralization and training of more technicians to be assigned to the districts.

- In order to minimize the problem of misappropriation of funds and some undue payments, and/or lack of payments, and to facilitate the monitoring of this process, it would be crucial to create an efficient platform where community representatives could forward reports of non-payment or incomplete payment of the grants to the central INAS - a fact that would help monitor and track situations of misappropriation and misuse of funds.





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